



**UNITED NATIONS
DEVELOPMENT PROGRAMME**

REPORT OF THE GOVERNING COUNCIL

SEVENTEENTH SESSION

(14 January - 1 February 1974)

**ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS: FIFTY-SEVENTH SESSION**

SUPPLEMENT No. 2

UNITED NATIONS



UNITED NATIONS
DEVELOPMENT PROGRAMME
REPORT OF THE GOVERNING COUNCIL
SEVENTEENTH SESSION
(14 January - 1 February 1974)

ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS: FIFTY-SEVENTH SESSION
SUPPLEMENT No. 2

UNITED NATIONS
New York, 1974

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

E/5466

CONTENTS

	<u>Page</u>
INTRODUCTION	1
 <u>Chapter</u>	
I. ORGANIZATION OF THE SESSION	2
II. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS	5
A. Country programmes	5
B. Report on actions taken by the Administrator concerning projects	7
C. Review of criteria to be followed in calculating indicative planning figures	11
1. Country indicative planning figures	11
2. Regional indicative planning figures	22
III. FINANCIAL MATTERS	27
A. Estimates of resources and Programme costs	27
B. Agency overhead costs	28
IV. ADMINISTRATIVE AND BUDGETARY MATTERS	32
A. Supplementary budget estimates for the administrative and programme support services for the year 1974	32
B. Supplementary budget estimates for the Working Group on Technical Co-operation among Developing Countries for the year 1974	33
C. General outline of budget estimates for the year 1975	34
D. Long-range organizational and procedural improvements in respect of the Regional Bureau for Africa	38
V. UNITED NATIONS FUND FOR POPULATION ACTIVITIES	41
VI. SPECIAL MEASURES FOR THE LEAST DEVELOPED COUNTRIES	52
VII. SECTORAL SUPPORT AND ADVICE FOR RESIDENT REPRESENTATIVES	58
VIII. ACTION TAKEN IN 1973 BY ORGANS OF THE UNITED NATIONS AND RELATED AGENCIES	64
IX. ASSISTANCE TO THE DROUGHT-STRICKEN AREA OF ETHIOPIA	67

CONTENTS (continued)

<u>Chapter</u>	<u>Page</u>
X. DRAFT OMNIBUS STATUTE FOR THE PROGRAMME	71
XI. DATE, PLACE AND PROVISIONAL AGENDA OF THE EIGHTEENTH SESSION . .	73
ANNEX: REPRESENTATION AT THE SEVENTEENTH SESSION	75

INTRODUCTION

1. The Governing Council held its seventeenth session at United Nations Headquarters, New York, from 14 January to 1 February 1974.
2. The Council's Budgetary and Finance Committee met from 14 to 29 January, also at United Nations Headquarters, to consider administrative, budgetary and financial matters referred to it by the Council.
3. The present report was adopted by the Governing Council at its 417th meeting, on 1 February 1974, for submission to the Economic and Social Council at its fifty-seventh session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).

CHAPTER I

ORGANIZATION OF THE SESSION

Attendance

4. Members of the Governing Council represented at the session, States represented by observers, organizations in the United Nations system and other intergovernmental bodies represented at the session are listed in the annex to this report.

Election of officers

5. In accordance with rule 11 of its rules of procedure, the Governing Council at the opening meeting of the seventeenth session elected the following officers: Mr. Narciso G. Reyes (Philippines), President; Mr. Horst Moltrecht (Federal Republic of Germany), First Vice-President; Mr. Carlos Giambruno (Uruguay), Second Vice-President; Mr. Endre Ivan (Hungary), Third Vice-President; and Mr. Gregory I. Aruede (Nigeria), Rapporteur. The President of the Council appointed Mr. Moltrecht as Chairman of the Budgetary and Finance Committee and Mr. Giambruno as Chairman of the Working Group on the Draft Statute for UNDP. At the opening meeting of the Budgetary and Finance Committee, on 14 January 1974, Mr. Arun Abhyankar (India) was elected Rapporteur of that Committee.

Agenda

6. The agenda adopted for the seventeenth session was as follows:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda (DP/17; DP/30 and Corr.1; DP/28)
4. Country and intercountry programming and projects (DP/39)
 - (a) Consideration, in private meetings, and approval by the Council of individual country programmes and projects recommended by the Administrator

<u>Country</u>	<u>Document symbols</u>
ALGERIA	DP/GC/ALG/R.2 and DP/GC/ALG/R.2/RECOMMENDATION;
BELIZE	" BZE/R.1 " " BZE/R.1 " ;
BURUNDI	" BDI " " " BDI " " ;
CARIBBEAN	" CAR " ,
	Vol. I, II, III, IV
	and " CAR " " ;

Country	Document symbols									
GAMBIA	DP/GC/GAM/R.1 and DP/GC/GAM/R.1/RECOMMENDATION; and Corr.1									
GILBERT AND ELLICE ISLANDS	"	GEI	"	"	"	GEI	"	"	"	"
GREECE	"	GRE	"		"	GRE	"	"	"	"
		and Corr.1	and	"					and Corr.1	and 2;
ICELAND	"	ICE/R.1	and	"		ICE/R.1/RECOMMENDATION;				
INDONESIA	"	INS/R.1/Rev.1	and	"		INS	"	RECOMMENDATION/		
									Rev.1;	
IRAQ	"	IRQ/R.1								
		and Corr.1	and	"		IRQ	"	RECOMMENDATION;		
LIBYAN ARAB REPUBLIC	"	LIB/R.1	and	"		LIB	"	"		;
MALI	"	MLI/R.1	and	"		MLI	"	"		;
MALTA	"	MAT/R.1								;
		and Corr.1	and							
		2 and		"		MAT	"	"		;
NICARAGUA	DP/GC/NIC/R.1	and		"		NIC	"	"		;
NIGER	"	NER	"	"	"	NER	"	"		;
SAUDI ARABIA	"	SAU	"	and						;
		Corr.1	and	"		SAU	"	"		
									and Corr.1	
SENEGAL	DP/GC/SEN/R.1 and									
		Corr.1	and	"		SEN	"	RECOMMENDATION;		
SOMALIA	"	SOM/R.1	and	"		SOM	"	"		;
SPAIN	"	SPA	"	and	"	SPA	"	"		
									and Corr.1	;
SURINAM	DP/GC/SUR/R.1	and		"		SUR	"	RECOMMENDATION;		
TRINIDAD AND TOBAGO	"	TRI	"	"	"	TRI	"	"		;
YEMEN	"	YEM	"	"	"	YEM	"	"		

Derestriction of country programme documents (DP/40)

- (b) Report by the Administrator on projects approved (DP/16 and Corr.1; DP/16/ANNEX and Corr.1; DP/16/Add.1-124; DP/16/Add.126-151; DP/16/Add.153-219; DP/35; DP/38 and Corr.1)
- (c) Further review of criteria to be followed in calculating indicative planning figures for the 1977-1981 period (DP/26 and Corr.1)
 - (i) Country indicative planning figures
 - (ii) Regional indicative planning figures
- 5. United Nations Fund for Population Activities (DP/18; DP/20; DP/23; DP/24; DP/25 and Add.1 and Corr.1; DP/25/Add.2-6; DP/33; DP/36)
- 6. Special measures for the least developed countries (DP/21 and Corr.1)

7. Budgetary, financial and administrative matters
 - (a) Estimates of resources and Programme costs (DP/32)
 - (b) General outline of budget estimates for the year 1975 (DP/29 and Add.1; DP/34)
 - (c) Progress report on agency overhead costs (DP/31; DP/37)
 8. Sectoral support and advice for resident representatives (DP/19)
 9. Draft omnibus statute for the Programme for consideration by the General Assembly (General Assembly resolution 2688 (XXV)) (DP/22 and Add.1)
 10. Action taken in 1973 by organs of the United Nations and related agencies (DP/27 and Add.1 and 2)
 11. Other matters
 12. Date, place and provisional agenda for the eighteenth session
 13. Draft report of the Governing Council to the fifty-seventh session of the Economic and Social Council (DP/L.293 and addenda)
 14. Assistance to the drought-stricken area of Ethiopia.
7. At the request of the representative of Ethiopia, the Governing Council, at its 412th meeting, added item 14 to its agenda.

Summary records of meetings

8. The summary records of the meetings of the seventeenth session of the Governing Council were issued as documents DP/SR.395-417.

Private meetings

9. Four private meetings of the Council were held to consider the 22 country programmes recommended for the Council's approval under item 4 (a) of the agenda.

CHAPTER II

COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

A. COUNTRY PROGRAMMES

10. Under subitem 4 (a) of the agenda, 22 country programmes were submitted to the Governing Council for consideration and approval. Following a discussion of the individual country programmes in private meetings, the Governing Council considered the programmes in open session.

Summary of discussion

11. One member suggested that the Governing Council might wish to consider an alternative to the present system of considering all country programmes during sessions of the Council. He suggested that country programmes be circulated by the Administrator to Council members. If any Government, within 60 days or some other agreed period, indicated objections to a specific country programme or signified its wish to have it discussed in the Governing Council, that country programme would be discussed at the next session. If no such comments were received, the country programme would be considered to have received the approval of the Governing Council.

12. Two other members expressed their disagreement with the procedure suggested, on the grounds that it went too far in restricting the prerogatives of the Governing Council, and that there was merit in having a joint scrutiny of each country programme.

13. Another member expressed the hope that in considering the lessons to be drawn from the experience of country programming to date, attention would be given to the following three points:

(a) The technical short-comings of the United Nations system's delivery of technical assistance;

(b) The tendency of the system to operate within water-tight sectoral compartments, which resulted in an inability to respond to problems of an intersectoral nature;

(c) The need for in-depth sectoral evaluations.

In his opinion, there was a lack of systematic evaluation of the regional and interregional programmes and projects.

14. Following the Council's approval of the country programmes (see paragraph 17), one observer addressed the Council, at the invitation of the President. He noted with appreciation the approval of his country's programme and stated that his Government was among those which had responded favourably to the Administrator's

letter inviting countries with per capita incomes of more than \$500 per annum to become net contributors. One member, speaking on behalf of Surinam and the Netherlands Antilles, referred to the valuable contribution made by UNDP in achieving the development goals of these territories, in particular the reduction of unemployment and improved income distribution.

Observations of the Administration

15. The Deputy Administrator (Programme) expressed his appreciation of the points raised in connexion with the future review of country programming. Recalling his remarks in the closed meetings, he stated that the Administration proposed to present to the Governing Council in June 1974 a synopsis of the issues and topics to be included in the full review of country programming in preparation for the second cycle of programming. The Governing Council's views would be of great assistance to the Administration in conducting such a review, the results of which would be incorporated in the Administrator's annual report to the Council in June 1975. Concerning the three points specifically identified by one member (see paragraph 13), he said that they would certainly be fully taken into consideration in the review to be undertaken.

16. On the question of the appraisal of intercountry programmes, he referred to the review of regional and interregional projects (DP/L.256) which had been presented to the Governing Council at its fifteenth session. The Governing Council had not received a five-year profile for intercountry projects, whether regional or interregional, and might wish to consider the desirability of such a profile for the next programming cycle, although in his view it might be impracticable.

Decision of the Governing Council

17. At its 399th meeting, the Governing Council adopted the following decision:

The Governing Council

(a) Approves the proposed UNDP country programmes for Algeria, Belize, Burundi, the Caribbean countries and territories (Antigua, Bahamas, British Virgin Islands, Cayman Islands, Dominica, Grenada, Montserrat, Netherlands Antilles, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent, Turks and Caicos Islands), the Gambia, Gilbert and Ellice Islands, Greece, Iceland, Indonesia, Iraq, Libyan Arab Republic, Mali, Malta, Nicaragua, Niger, Saudi Arabia, Senegal, Somalia, Spain, Surinam, Trinidad and Tobago, and Yemen within the limits of each country's indicative planning figures and for the duration of the respective programme period. Until such time as indicative planning figures are established to cover 1977 and subsequent years, the Administrator, with respect to the country programmes for Algeria, the Caribbean countries and territories, Indonesia, Somalia, Surinam, and Trinidad and Tobago, will proceed with approval action in a manner which will ensure that expenditures during the period 1972-1976 do not exceed the currently established indicative planning figures for that period for the country concerned; and

(b) Authorizes the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the respective

country programmes, and calling for planned expenditures which may be contained within the approved IPFs of the countries concerned and the financial resources currently available at any given time.

B. REPORT ON ACTIONS TAKEN BY THE ADMINISTRATOR CONCERNING PROJECTS

18. In introducing the report by the Administrator on projects approved in the period 1 April to 31 August 1973 (DP/16 and Corr.1, DP/16/ANNEX and Corr.1 and DP/16/Add.1-124, Add.126-151, and Add.153-219), the Deputy Administrator (Programme) referred also to two documents reporting subsequent approvals of global projects (DP/35, DP/38 and Corr.1) and to a brief paper (DP/39) requesting the views of the Governing Council on the eligibility of a certain type of project for UNDP support.

19. With respect to the report on projects approved, the Deputy Administrator (Programme) referred to the Governing Council's decision at its previous session to discontinue the presentation of such a report at each session. Instead, members of the Governing Council would continue to receive information on individual projects as and when each was approved and any necessary analysis would in future be presented in the Administrator's annual reports.

20. He drew the Council's attention to the fact that a hiatus might develop when the level of commitments for individual countries approached the limit of their indicative planning figures (IPFs) for the current cycle unless some mechanism were found whereby new projects could be appraised and approved on a continuing basis. In particular, those countries whose IPFs are expected to increase substantially in the second cycle were in danger of finding themselves without new projects in the pipeline ready for approval. To maintain the momentum of programme implementation, the number of projects approved in any given year should be substantially higher than the expenditure planned for that year. Once a decision had been made on the distribution of IPFs for the next programme cycle, the Governing Council should decide how "over-programming" should be handled. In his view, planning should extend over more than one cycle, so that a country could spend somewhat more or less than its IPF in the current cycle and make the necessary adjustment in the subsequent cycle.

21. Referring to document DP/39, he explained that the guidance of the Governing Council was being sought on the general principle of UNDP support for a management contract in connexion with the construction of a plant where the capital required for its construction would be provided by multilateral and bilateral financial sources. In the Administration's view, such a project would be eligible provided it were financed under the IPF of the country concerned. Similar projects had been approved in the past, but in view of the magnitude of the sum involved, it was felt desirable to obtain the Council's guidance, it being understood that such action in no way obviated the need for careful appraisal of the project in question to ensure that it was acceptable in all other respects.

22. At the invitation of the Deputy Administrator (Programme), the Director of the Division for Global and Interregional Projects introduced two papers (DP/35 and DP/38 and Corr.1) concerning global projects. The two institutes described in document DP/35 represented the first concerted efforts to solve animal disease problems and to improve livestock production and the supply of animal protein for

the population in Africa. The Administrator had agreed to provide \$50,000 to each centre in the first year, but decision on further assistance awaited the elaboration of detailed work programmes by the directors of the institutes in question. If the results of the appraisal were favourable, the projects would be presented to the Governing Council for its approval.

23. Referring to the global project for the promotion of higher education for development described in document DP/38 and Corr.1, he said that the project represented a new step for UNDP in broadening its assistance for global projects to fields other than agriculture and livestock, and would, it was hoped, result in the preparation of blueprints for types of educational institutions more responsive to development needs.

Summary of discussion

24. Several members commented favourably on the increased rate of approvals reflected in DP/16 and expressed the hope that this would be matched by an increased rate of implementation. Concerning the delegation of greater authority to UNDP field offices in the approval of projects, referred to by the Administrator in his opening statement to the Council, many members thought this would contribute to a further improvement in the approval rate. Referring to the Deputy Administrator's comments about over-programming, one member proposed that countries be permitted to request project approvals for up to perhaps 10 per cent or more above the level of their respective IPFs, to ensure a continuing flow of programme implementation. He was joined by several members in advocating a carry-over of unspent funds from one IPF period into the next. One member said that his delegation could support over-programming, provided its application were uniform for all countries - that is, if 10 per cent was agreed upon, then all countries should over-programme 10 per cent.

25. Some members expressed satisfaction at the number of regional project approvals reported in DP/16, while others referred to the opportunities for co-operation at the field level between certain UNDP-supported projects and those financed by the bilateral aid agencies of their Governments. Two speakers asked for additional information on the approved interregional project entitled "Advisory Services for Multilateral Trade Negotiations", particularly as regards co-ordination with the regional projects on the same subject which were either approved or under consideration, while a number of other members requested reconsideration of the Administration's position that attendance at training courses on commercial policy conducted by the General Agreement on Tariffs and Trade (GATT) should henceforward be financed from the national IPFs of the participants' countries rather than from interregional funds.

26. On the principle involved in UNDP's financing of a management contract for a plant, most speakers expressed the view that this was fully within UNDP's mandate. However, one speaker pointed out that once UNDP embarked upon support of a specific project of this type, it might well find itself in a situation where continuing support was needed, and from which it might be difficult to extricate itself. Furthermore, such management contracts were frequently part of loan packages from international lending agencies, and these institutions should be looked to in the first instance as a source of such assistance. Another speaker, expressing his delegation's view that the proposal in DP/39 represented a departure from traditional UNDP activities, raised a question as to the respective roles of UNDP and the multilateral banks in financing development assistance, and requested more time to study the matter.

27. A number of speakers expressed their gratification at the broadening scope of UNDP activity in global projects represented by the two livestock projects and the education project. Two members proposed that members of the Governing Council could assist the Administrator in his search for new fields of activity by putting forward suggestions on the subject. They expressed the hope that the funds available for global projects could be increased in the future. Several members referred to the successful progress made by the previously approved global projects concerned with various aspects of crop production, and commended the Director of the Division for Global and Interregional Projects and the Consultative Group on International Agricultural Research for their efforts. One member also stated that the latter approach could be usefully extended to other areas of research.

28. Several members expressed their regret that the Administrator should have approved projects for the Republic of Viet-Nam and the Republic of Korea and asked that the Council's report should reflect their reservations. One observer requested that the records reflect his Government's reservations not only to projects for these two countries, but also those for Israel and the Khmer Republic.

Observations of the Administration

29. In replying to the views expressed during the discussion, the Deputy Administrator (Programme) expressed his gratification that a number of members had endorsed the idea of delegating greater responsibility for the detailed elaboration of projects to the field, with headquarters endorsing the general outline of the project, and said that draft procedures on this subject were being circulated to the field and the agencies for their comments.

30. Referring to over-programming, he said that this was not the most fortunate expression and that he hoped some better term, such as adequate programming, could be found. As regards the proposal that countries be permitted to programme expenditures up to 10 per cent above their respective IPFs, he considered that this was too low a figure and that the important thing was that countries should always feel certain that any approved projects within their country programmes would be implemented, whether in the present cycle or in the next. He agreed that equity was all-important and that the Administration must be careful to ensure that all countries received fair or equitable treatment with regard to the pace of project approval.

31. Turning to the question of the relationship between UNDP and bilateral assistance, he said that the UNDP's general approach was that its efforts in any given country should reinforce those of the Government itself as well as those of other donors. Every effort would be made to avoid duplication and to ensure that the inputs of the various donors would be mutually reinforcing.

32. He assured the Council that the Administration was fully aware of the issues of co-ordination posed by the regional and interregional projects on multinational trade negotiations and said that meetings were to be held the following week with representatives of the United Nations Conference on Trade and Development (UNCTAD) and the regional economic commissions during which this matter would again be examined.

33. With regard to the GATT training courses on commercial policy, he said that

these courses had been given for a large number of years, and that their cost had become heavier over the years. The Administrator in no way questioned the value of the courses but, given the many competing demands for available funds for interregional projects, he had concluded that alternative ways of financing these courses should be found if at all possible. It was hoped that participants from least developed countries would be financed under Special Measures for the Least Developed Countries, but it was felt that in the case of the more developed of the developing countries, Governments should be prepared, if they considered the courses valuable, to finance their participation from their national IPFs.

34. On the question of financing management contracts, the Administration would certainly bear in mind the comment about the danger of involving UNDP in a long-range commitment and would also ensure that the relevant lending agencies had first been canvassed as the source of financing for such contracts. However, he pointed out that the amount of grant assistance for a given country as defined by its IPF was strictly limited, and if a country chose to use its grant money for such a purpose, it could be presumed that it must have valid reasons for doing so. He hoped that the member who had asked for more time to consider the matter would not insist upon his position, since the matter was of some urgency. In his view, UNDP assistance, so long as it was covered within a country's IPF, should be subject only to three main constraints: it must not be given for purposes which did not contribute to development, or which contributed inefficiently and wastefully, or for which alternative legitimate sources of financing were readily available.

35. On the question of global projects, the Deputy Administrator expressed his hope that the allocation of funds for such projects in the next cycle would be made in absolute and not in percentage terms. While he agreed with those members which had commended UNDP for broadening its activities on global projects to fields beyond that of agriculture and hoped to see a further trend in this direction, he pointed out that it was to a large extent a question of the availability of resources; the need for funds for global agricultural research was increasing all the time, due both to rising costs and new needs.

36. Replying to the comment of one member about the global research project on education for development, he assured the Council that UNESCO had been fully associated with the development of the project, even though the study was to be carried out by a private organization.

37. The Deputy Administrator noted that the reservations of various members in respect of projects for the Republic of Viet-Nam, the Republic of Korea, Israel and the Khmer Republic would be fully reflected in the records.

Decision of the Governing Council

38. At its 400th meeting, the Governing Council took note of the report of the Administrator on projects approved (DP/16 and addenda; DP/35; DP/38 and Corr.1) and of the views expressed by members concerning document DP/39.

C. REVIEW OF CRITERIA TO BE FOLLOWED IN CALCULATING
INDICATIVE PLANNING FIGURES

1. Country indicative planning figures

39. Under item 4 (c) (i) of the Council's agenda, the Deputy Administrator (Programme) introduced a report by the Administrator on the further review of criteria to be followed in calculating indicative planning figures for 1977-1981, contained in document DP/26. The Deputy Administrator hoped that that document would facilitate the Council's chances of reaching a decision at the present session, which was the fourth successive occasion at which the Council had deliberated the matter.

40. The Deputy Administrator stated that the report by the Administrator endeavoured to translate faithfully into illustrative calculations of IPFs all the guidelines contained in the decision of the Council at its sixteenth session. ^{1/} In his assumption about the level of total UNDP resources for 1977-1981 - from which country IPFs would be financed - the Administrator had projected from the level of pledges for 1973 rather than from the much higher level of pledges recently made for 1974. In calculating "basic IPFs", DP/26 used population and per capita GNP functions which were explained therein as well as in a previous document, DP/L.281. Since UNDP could not be a prime source of data, it had used population and GNP data provided by the World Bank. The allocation of \$130 million on the basis of the Council's supplementary criteria had been made most conscientiously and, in assessing what had been done, the Deputy Administrator urged a sense of proportion in view of the fact that such a limited sum had to be distributed among so many countries in accordance with such rather complex and delicate criteria. The Deputy Administrator explained that after calculations that achieved the avoidance of all negative changes in country IPFs for 1977-1981 relative to 1972-1976, a further calculation was made to ensure that at least 25 per cent of the total amount to be distributed went to the least developed among the developing countries. The final amount of monies used for illustrative country IPFs was \$1,895 million, involving an extra requirement of \$154 million over that which would be available from an assumed 9.6 per cent annual growth in contributions. This extra requirement could be financed either from a general increase in the annual growth rate of contributions to some 11 per cent or from recipient countries which might become net contributors. The Deputy Administrator, referring to the Administrator's earlier statement on possible net contributors, underscored the need for a continuing effort to encourage some of the developing countries with relatively higher per capita incomes to become major net contributors to the Programme in due course.

41. The Deputy Administrator considered that a decision on country IPFs, involving absolute figures, could be made at the current session, on the understanding that adjustments would be made later, closer to the beginning of the second development cycle, to take account of such up-to-date data as might then be available. The practical reason for a decision at the present time was the need to avoid a hiatus in Programme activities in the next few years, especially for countries whose IPFs

^{1/} See Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2A, para. 90.

would increase significantly in the second development cycle. The Deputy Administrator observed that such a decision on IPFs would be historic since it would be the first time that a division of resources among so many countries would have been made by consensus in an international body, involving as it does considerations of equity as measured by some objective criteria. This decision might well raise the possibility that one day there would be a similar decision involving equity on the contributions side of development assistance.

Summary of discussion

42. The Council considered the total resources likely to be available for distributed country IPFs in 1977-1981, particularly the assumption of an annual over-all growth in contributions of 9.6 per cent until 1981 applied to the level of contributions pledged for 1973. The voluntary nature of the Programme was emphasized by many members. Some members expressed the view that resource growth would be greatly facilitated by maintaining the universality of the Programme. Others suggested the importance for resource growth of the partnership concept, indicating that development assistance was beneficial not only to recipient countries but also to donor countries. It was noted that there was a decline in development assistance measured as a percentage of the GNP of donor countries and it was urged that contributions to the Programme should be increased, thus reflecting the objectives of the International Development Strategy. Several members approved the particular resource assumptions indicated above. One member said he had hoped that an assumption of 15 per cent annual growth in contributions would have been used in the IPF calculations in document DP/26 instead of 9.6 per cent, while another member recalled that even a doubling of resources for UNDP projects would not suffice to come to grips with the development problems of developing countries unless there were, also, *inter alia*, appropriate international trade policies. The 18 per cent growth in voluntary contributions to UNDP registered at the Pledging Conference for 1974 was a general source of gratification. One member stated that an increase of this order was indicative of the current needs of developing countries. It was seen, further, as a vote of confidence in the Programme, as opening up a new perspective for UNDP activities - a perspective that would be widened if the Programme now took a historic decision on IPFs. One member considered the results of the Pledging Conference reflective of the expectation of a shift to a more progressive distribution of these resources. Some members, however, pointed to the uneven increases in contributions by individual members at the last Pledging Conference: the remarkable efforts of some European countries were praised and contrasted with the fact that the rate of increase in contributions of very many countries fell below even the 9.6 per cent guideline. The present uncertain economic situation raised doubts for certain members as to whether the results of the recent pledging effort could be attained again at the next Conference and a member stated that this made it all the more important for all countries to help in augmenting the Programme's resources. One member appreciated the results of the last Pledging Conference and hoped that this performance would be maintained. A suggestion that some donors might not increase their contributions in the near future was regarded as very disturbing by many members. Some members stressed the need to recognize the detrimental impact of inflationary influences on relatively high monetary increases in contributions.

43. Some members referred to additional sources of finance that could become available for development assistance. In this connexion, some members attached

considerable importance to the reduction of military budgets and the utilization of part of the funds thus saved to provide assistance to developing countries. They felt that peace and security were essential prerequisites to economic and social development and that therefore détente must be pursued. A disarmament dividend could be used to increase total resources for development. Furthermore, additional resources might be obtained from those countries which bore responsibility for the existing situation of the developing countries and which should therefore bear the greater part of the burden of their development. It was stated that the socialist countries did not engage in colonial exploitation. Some members felt that the proper use, as well as the level, of the Programme's resources was also important and indicated that their contributions were not sufficiently used despite requests for technical co-operation requiring inputs from their countries. This situation, it was felt, could be improved if there was a proper geographical distribution of posts in UNDP.

44. In their general reiteration of support for the decision of the Council on country IPFs at its sixteenth session and for the follow-up note by the Administrator (DP/26), several members confirmed their position that 92.5 per cent of the resources available for distributed country IPFs due to the assumed increase in total contributions of 9.6 per cent per annum should be apportioned essentially on the basis of the basic criteria of population and per capita GNP, modified in accordance with the decisions of the sixteenth session, and they commended the application of those criteria in DP/26. Several members and observers maintained their objection, expressed at previous sessions, to the approach of concentrating on the use of population and per capita GNP indicators. For a long time, there had been a wish for greater rationalization in determining IPFs but these members doubted the scientific method of this currently suggested approach. These members did not believe in the supremacy of the two indicators, population and per capita GNP; their excessive use raised concern and reservations and could affect adversely the universal solidarity of the Programme. It was regarded as a matter of principle that these two variables by themselves could not adequately yield a proper allocation of country IPFs. Some of them felt that DP/26 used arbitrary mathematics and that since several other approaches could have been used, the results of the calculations in that document could not be regarded as conclusive.

45. Specifically, as regards the use of per capita GNP, several members expressed agreement with the new relationship between the per capita GNP of a recipient country and UNDP assistance used in preparing the DP/26 illustrative IPFs for 1977-1981. They felt that this responded to the decision of the Council at its sixteenth session that the relationship suggested in DP/L.281 should be amended to include declining weights for recipient countries with a per capita GNP of \$500 and above. Several members considered acceptable the DP/26 declining weights between \$500 and \$2,000 and a constant weight thereafter. A member considered it essential to continue to allow countries beyond the \$2,000 per capita GNP level to receive assistance while becoming net contributors. Another member preferred lower weights than those used in DP/26 for countries above the \$500 per capita GNP and a cut-off for present recipients with the highest per capita GNP. Some members considered that there was no justification for the use made of the \$500 and \$2,000 per capita GNP levels and that it was contradictory to the universal nature of the Programme. One member objected to the linear function used since it introduced an arbitrary stratification which could have been avoided by using, instead, a smooth curve. He wondered whether the relationship used in DP/26 was the just and equitable one and asked why this relationship had been used multiplicatively with the population function in determining the sharing of total resources.

46. Several members approved the use of data from the International Bank for Reconstruction and Development (IBRD) on population and per capita GNP as had been suggested at the fifteenth session of the Council. Without questioning the use of this source, one member stated that a census currently under way would conclude that his country had a significantly higher population than that presently indicated by the IBRD and he hoped that a special allowance would be made for adjustments in case of such proven changes in data, especially if it related to a least developed country. Another member noted that the per capita GNP figure used for his country in DP/26 was higher than the actual figure. One member was critical of the use of IBRD data and stated that official United Nations data should be used instead. There was general agreement that when final calculations of country IPFs for 1977-1981 were made, they should be based on the most up-to-date information available at that time. One member stated that, in view of current economic trends, these final calculations should use IBRD data on population and per capita GNP for 1974.

47. The Council further reviewed the determination of country IPFs on the basis of the supplementary criteria listed in the decision of its sixteenth session designed to account for 7.5 per cent of the resources available for distributed country IPFs resulting from the assumed increase in total contributions of 9.6 per cent per annum, namely, \$130 million. Several members agreed with the treatment of the supplementary criteria in DP/26, while other members questioned either the logic of some of the criteria or the manner in which they had been applied. Some members raised doubts as to the total amount of money involved; others about the selection of the supplementary criteria; the method of allocating the funds; and the need for detailed disclosure of each country's supplementary IPF. Several members noted that the size of the allocation based on supplementary criteria, that is, \$130 million, was too small and that much more importance should have been attached to those criteria. While several members emphasized that it was a positive step to have supplementary criteria finally introduced into an IPF model, the supplementary criteria, in the opinion of one member, were still given only secondary importance. Another member stated that, despite the rather modest sum involved, the use of supplementary criteria had now produced some corrective to the mechanical way in which 92.5 per cent of resources had been distributed.

48. In supporting the use of the supplementary criteria listed by the Council in its decision at the sixteenth session, several members stressed the criterion concerning the magnitude of a country's development effort. One member noted that some countries had high per capita GNP but nevertheless suffered the disability of dependence on only one or two export products. Where this dependence involved non-renewable mineral resources, they felt that it was not correct to consider such countries as economically sound since resources that were being used by this generation might not be available to the next. Another member criticized the inadequacy of the per capita GNP figure and urged the use of criteria that took account of the distribution of income. In his country, the member stated, 1 per cent of the active population had a per capita income more than 100 times that of lower income groups. Several members supported the use of ecological disabilities as a supplementary criterion, especially as regards the Sudano-Sahelian drought-stricken countries. Reference was also made to the use of the supplementary criterion covering the special needs of countries suffering geographical disabilities, such as land-locked and developing island countries. Some members urged special assistance to the liberation movements as a way of reiterating solidarity with these movements. One member considered that attention should be given to the effort of a developing country to share its resources with other

developing countries in aid of their development. Another member stated that, while he had never favoured the use of supplementary criteria and while their use in DP/26 had substantiated his fears, he could live with the result. Some members felt it inappropriate to regard the basic criteria as measurable but the supplementary criteria as non-measurable and argumentative. They considered the basic criteria as disputable and the supplementary criteria as measurable. As an illustration, one member gave precise figures on the improved distribution of income that had been achieved recently in his country and of the further gains that had been planned for the next few years.

49. Several members approved the way in which the Administrator had applied the Council's supplementary criteria, particularly the use of a double weight when dealing with the criterion of the magnitude of a country's economic and social development effort because of its relation to the International Development Strategy. One member stated that this specific criterion was difficult to apply and, consequently, was controversial. Alternative views were expressed as regards the appropriateness of identifying explicitly the individual countries which gained in the calculations from the application of particular supplementary criteria. Several members felt that absolute objectivity was not possible and therefore that discretion in this matter had to be left to the Administrator, and hence it was not necessary to go beyond what was implicit in DP/26. Several members would have preferred more detailed information. Some members desired a breakdown of the total IPF figures given in table 1, into their basic and supplementary components, while others looked for details on the application of each of the supplementary criteria. Some members hoped that information in this connexion would be available at a future session of the Council.

50. There was general approval, in the course of discussion, of that part of the calculations of country IPFs in DP/26 which implemented the decision of the Council at its sixteenth session to avoid any negative changes in country IPFs between 1972-1976 and 1977-1981; \$134.6 million was used in these calculations to avoid negative changes for 43 countries. One member characterized this guideline as adequate and proper. Another member stated that he supported the avoidance of any negative changes as an integral element of optimal equity and appreciated the fact that DP/26 accomplished this in a remarkable way. Some members regarded the avoidance of negative changes in current values as a minimum condition, taking account of the substantial existing inflation that affected adversely the real value of UNDP assistance. One member stated that the freezing of his country's IPF could have grave repercussions for his country, which was faced with several developmental problems. Several members stated agreement with the manner in which the Administrator had implemented the Council's guideline that countries with a relatively high level of per capita GNP should have no increase in their IPF between the first and second development cycles. In approving the use of \$700 in DP/26 as the lower boundary for such countries, a member stated that this ceiling concept eliminated some of the more glaring errors of previous calculations. Other views were expressed as to the income level to be used for defining the ceiling: one member suggested \$500, while another member, citing inflationary conditions, considered \$700 as too low. The member objected to the use of the ceiling, which in the case of his country - a net contributor - kept the illustrative 1977-1981 IPF at the intolerable level of only \$1 million, whereas without a ceiling, and as indicated in DP/L.281, it would have been \$2.5 million.

51. With regard to the results of the illustrative country IPF calculations in DP/26, the attention of the Council was focused on their impact on low income countries, and the Council generally considered that its guidelines in this connexion had been adequately reflected. It was noted that the calculations had increased the share of countries with less than \$150 per capita GNP, for example, from 39.6 per cent in 1972-1976 to 52.3 per cent in 1977-1981. Several members, while accepting the results in DP/26 for the relatively low income countries, stated that they would have preferred an even more progressive distribution of UNDP resources. This was especially so as regards the least developed countries, whose suggested share of 25.6 per cent for 1977-1981 was rather close to the guideline minimum of 25 per cent. One member indicated his expectation that at least 30 per cent of the funds available should have been allocated to the least developed countries. Alternative evaluations were made of the extent of the improvement suggested for other low income countries. One member stated that its major contributions to UNDP were related to its expectation of a progressive allocation of the funds available. The illustrative calculations for 1977-1981, in one member's view, succeeded in remedying the 1972-1976 inequities, especially for countries in Africa and Asia. Accepting, as a positive accomplishment, the suggested increase in IPFs for countries with per capita GNP of less than \$300, several members did not agree with the suggested freezing of IPFs between the cycles for any country in the per capita GNP range of \$300 to \$750. Because of inflation, the illustrative calculations meant a regrettable and unacceptable real decline in the flow of development assistance to countries in this income bracket. They felt that the critical stage of their development required an increase in their IPFs, and not a freeze; in fact, in some cases the need was very urgent. One member suggested that funds for this purpose could come from a growth in contributions of more than 11 per cent or from unutilized funds. One member noted that it was not possible to share out the same money twice. Another member indicated that his understanding of the distribution formula of the sixteenth session of the Council, including the floor concept, related to a total resource level for country IPFs of \$1,611 million. In fact, DP/26 had distributed \$1,895 million and the difference had gone to other than Latin American countries. The member stated that he would not have agreed to the floor concept at the sixteenth session had he anticipated that it would be applied in the manner set out in DP/26.

52. Members noted that the total sum required for the illustrative country IPFs in DP/26 was \$1,895 million, that is, \$154 million over and above the \$1,741 million which could be assumed to flow to distributed country IPFs from an annual average growth rate in voluntary contributions of 9.6 per cent between 1973 and 1981. Some members felt that if this extra sum was necessary in order to give effect to all the criteria outlined by the Council, it was a small sum presenting little difficulty compared with the over-all problems confronting UNDP. Several members noted that this illustrative extra requirement could be met by an over-all growth rate in contributions of some 11 per cent. One member felt that this approach reflected the compromise decision of the sixteenth session. Some other members suggested amending that decision to read a growth rate of at least 11 per cent, instead of 9.6 per cent. One member expressed concern that the Council might eventually need to go above 11 per cent, depending on the impact of the country IPF determination on the decision concerning intercountry projects and agency overhead costs. Another member felt that until such time as developing countries had national control over their natural resources, those who had exploited these natural resources should contribute, appropriately, to UNDP.

53. Several members considered that the source of financing for the illustrative extra requirement of \$154 million should be those recipient countries benefiting from the guideline on the avoidance of negative changes in IPFs between 1972-1976 and 1977-1981 and/or recipient countries at the upper end of the per capita GNP scale, through their transition to net contributor status. One member expressed the view that the correct interpretation of the decision of the sixteenth session was that only recipient countries at the upper end of the per capita GNP scale should strive to become net contributors. In this connexion, several members recalled that the voluntary character of the Programme must always be borne in mind. One member stated that the effort to seek voluntary contributions to cover the illustrative extra requirement should be extended to both the more advanced countries and those recipient countries transiting to net contributor status. A member considered that the amount expected from net contributor countries should reflect actual economic conditions rather than the illustrative \$154 million extra requirement reflected in DP/26. While approving efforts to encourage some members to become net contributors, some members stated that a particular country's per capita GNP level could not be the only determinant of its involvement in this matter and that they favoured the general concept of collective self-reliance. Several members disapproved strongly of any link between the illustrative extra requirement and the movement to net contributor status and they insisted that contributions arising from this movement should simply augment over-all resources. One member stated that it would reflect a double standard and a betrayal of the Council's decision at its sixteenth session if a link were to be created between the illustrative extra \$154 million and the concept of net contributors. He then formally proposed that the Council decide to replace the text of paragraph (c) (i) of the decision which it took at its sixteenth session by the following:

"All participants shall strive to increase regularly their contributions to the Programme so as to ensure an over-all growth in contributions at an annual rate of at least 11 per cent until 1981."

54. It was felt by some members that the net contributor concept was a negotiated compromise which did not alter the fact that UNDP was a purely voluntary enterprise, thus disallowing any idea of penalty for non-compliance. Some members considered that compulsion was implied in DP/26 in its consideration of net contributions. In rejecting any idea of compulsion or obligation as regards net contributions, several members stated that it would be illegal and unconstitutional. They pointed out the difficulties of many countries in making even annual commitments and said that it was therefore obviously impossible to think in terms of fixed criteria or a fixed time-table with regard to the longer term idea of net contributions.

55. The Council's consideration of net contributions from some recipient countries was based on the relevant parts of the Administrator's report which had been submitted in response to requests made by the Council at its fifteenth and sixteenth sessions. One member was against the concept of net contributions at the present time of world-wide economic turbulence, with its adverse impact on developing countries arising from their higher import prices. He stated that the advanced countries could not now shift their burden onto recipient countries at the upper end of the per capita GNP scale. Another member recalled that net contributions could not be decreed since it was the sovereign right of each country to decide on its own contributions. One member stated that the net contributor issue should not be regarded as the most important or basic one. Several members, while accepting the idea of movement towards net contributor status, asked for a flexible attitude to it. They favoured a flexible, cautious and gradual campaign free from all rigidities. One member referred to the need for a net contributions

movement as an integral part of the Council's guidelines, determined at its sixteenth session, and urged adherence to it. Some members stressed the seriousness of this issue and regarded it as a precondition for the Programme's over-all success: lack of achievement in the area of net contributions might jeopardize the future expansion of the Programme. Several members referred to the connexion between the two concepts of the universality of the Programme and of net contributions: it was stated that the maintenance of the former - with its rejection of the idea of cut-off of IPFs - should encourage acceptance of the latter. Several other members accepted the concept of net contributions and reported actual progress by their Governments in that direction and their expectations that they would attain full net contributor status in the near future.

56. Several members reviewed the theoretical calculations on net contributions in DP/26 which had considered the countries that might be involved, as well as the extent and time frame within which they might progress to that status. The view was broadly held that, realistically, a net contributions campaign should not be extended to countries with as low a per capita GNP as \$500. One member felt that the Council at its sixteenth session had not set such a boundary and that it was absurd to think of a country at the \$500 per capita GNP level as being practically developed. While a country at \$500 compared favourably with one at \$100, it was more realistic to make the comparison with a country in the \$2,000-\$3,000 range if the need for development assistance was to be assessed properly. It was stated that a country could only be regarded as developed if it could engage in self-sustained growth and this depended upon several structural elements. One member considered that the adoption of \$500 as a lower limit for purposes of a net contributions campaign would be tantamount to the perpetuation of the colonial concept since it would mean no resource redistribution to such poor countries. Several members emphasized the necessity to look beyond the single indicator of per capita GNP in considering action in this matter. It was suggested, for example, that attention be directed to such other indicators as the small economic size of the country; the lack of diversification and absence of natural resources; and the degree of openness of the economy, with its impact on general economic stability. These elements, they felt, were very important for countries in the \$500-\$1,000 range. Several members pointed to the excessive burden that might result for many countries should a net contributions campaign include those in the \$500-\$1,000 group. To prevent this, they suggested that since the question of setting targets was rather complicated, it should be approached cautiously and that it might therefore be advisable not to adopt very precise formulations. One member stated that the Council's earlier decision did not imply that countries in this range should become net contributors and that the required annual growth rate of 38 per cent for the group of countries as a whole to become net contributors was a ridiculous target while the over-all target for contributions was only 9.6 per cent. One member suggested that as regards net contributions, the Administrator should approach only those countries with a per capita GNP in excess of \$700, while another member felt that contributions in convertible currencies should be sought from countries above the \$800 level. As regards the size of net contributions by some recipient countries, several members urged the avoidance of any precise target for the net contributions ratio, that is, ratio of voluntary contribution to the country IPF. Added to the obvious arbitrariness of any ratio - say, 1.25 or 1.5 - some members called attention to the fact that there were other sources of finance in addition to voluntary contributions and other areas of expenditure in addition to country IPFs. Several views were expressed regarding the desirability of target dates for the attainment of net contributor status. Suggestions included: 1979 for

countries above \$1,000 but 1981 for countries in the \$500-\$1,000 range; as soon as possible but not later than the end of the second development cycle (1981); and, no time limits whatsoever.

57. The Council considered the Administrator's progress report on his specific explorations with individual recipient countries in connexion with the net contributor campaign, as requested by the Council at its fifteenth session. The Administrator's report was contained in DP/26, paragraphs 24 and 25, augmented by an oral statement made by the Administrator at the seventeenth session. One member considered the result of these efforts to be very satisfactory. Another member was gratified by the results thus far, including, already, the achievement of net contributor status by one country. He noted with satisfaction the plans of several other countries to move to that status in the near future; the cost-sharing approach adopted by some countries; and the decision by one country not to apply for UNDP assistance in 1977-1981. Some members recalled from the Administrator's statement that he had not received any reaction from 10 of the 29 countries that he had approached on the matter. Several members stated that they would have liked to have seen more than one of the higher income countries forgo voluntarily some or all of their IPFs. In the view of one member, the Administrator's report on this matter hardly indicated progress and the subject should therefore be placed on the agenda of future sessions of the Council. One member requested such a further report for the eighteenth session and another member urged a report before the Council's final decision on IPFs for 1977-1981. One member asked that a determination as regards net contributions should be reflected clearly in the decision of the Council at the current session. There was a general desire for the Administrator to continue his efforts in this matter and several members referred to the need for an appropriately scaled continuing effort. Further, the Administrator's appeals and negotiations, above all, should be flexible and informal, bearing in mind the voluntary nature of the Programme.

58. On the current level of contributions to UNDP from some recipient countries at the upper end of the per capita GNP scale, one member stated that this was the most important issue before the Council and one that created problems for his country's legislative body. Whereas a case could be made for extending technical co-operation to some of these countries, it was not easy to explain why some of these countries did not make very substantial contributions to UNDP. The member referred to several recipient countries, principally oil producing countries, which he felt enjoyed substantial export earnings and high and rising levels of per capita GNP. In his opinion, one of these countries had probably attained a per capita GNP of \$10,000 already. He wondered why all the Organization of Petroleum Exporting Countries (OPEC) combined contributed only 1.3 per cent of total voluntary contributions pledged to UNDP for 1974 and said that no single member of that organization contributed more than \$1 million. In reply, several members observed that oil was a non-renewable resource which for the time being provided the means of financing the development plans of the oil producing countries. They noted in addition that they were constantly faced with substantially increasing import prices, especially for manufactures. These members emphasized that they had always increased their support of UNDP and furthermore that they offered very substantial bilateral help to other developing countries. One member referred to his country's net contributor status in UNDP and emphasized that one fifth of his country's national income was devoted to external assistance. He felt that his country did not need any sermon to do this and called on the member which had attacked the OPEC countries to emulate his country's example in

this connexion. He further emphasized that, had it not been for the Middle East crisis, his country would have been even more generous in assisting other countries. One member questioned whether the best way of helping the developing world as a whole was by denying assistance to some of its members. His country needed technical co-operation and could, in turn, extend such co-operation to others. The means by which this could be achieved had been considered in the recently concluded meeting of the Working Group on Technical Co-operation among Developing Countries. Another member stated that while his country was an oil producer, it had a low level of per capita GNP but, nevertheless, adopted a generous attitude towards assistance to others.

59. In addition to the detailed statements made on the criteria for calculating country IPFs for 1977-1981, the methodology and the results, several members made general remarks on the item. Many members considered that a decision on IPFs would be a historic one for UNDP, which then would be better able to play a meaningful role in helping the economic and social development of the developing world. A decision at the current session, it was recognized, would comply with the wishes of the General Assembly, as stated in its resolution 2972 (XXVII), and would be the culmination of discussions at two sessions each of the General Assembly and the Economic and Social Council and of four successive sessions of the Governing Council, the latter on the basis of several reports by the Administrator (DP/L.240, DP/L.259, DP/L.281 and DP/26). It was generally considered that the delicately balanced compromise reached at the sixteenth session and the attempt to translate it into illustrative IPFs in DP/26 should facilitate a decision at the current session. While some members considered that the Administrator's note was not an adequate basis for a decision, several members regarded it as providing a faithful and realistic translation into illustrative country IPFs for 1977-1981 of the letter and the spirit of the compromise guidelines of the sixteenth session. Several members considered that the vital elements of a decision would be the recognition of the need for a greater resource base; the maintenance of the voluntary and universal character of the Programme, and the increased share of UNDP resources to be devoted to low income countries. Other members stated that a decision at the current session on the illustrative IPFs would allow for efficient forward planning of technical co-operation programmes and projects for implementation in 1977-1981, while a decision on definitive figures based on up-to-date data could be made in January 1976. Several members held the view that decisions on country IPFs and regional IPFs were linked and should therefore be made at the same time.

60. Following the decision by the Council on country IPFs (see paragraph 77), statements were made by some members. Some members were gratified by the consensus but stated that their Governments were not able to make commitments at this time as to any particular future level of contributions to the Programme. One member expressed the hope that the Administrator would now seek to stimulate net contributions. Another member stressed the voluntary nature of all contributions to the Programme. Another reiterated that there was an inextricable link between country and regional IPFs. He insisted that if the total resources for regional IPFs were to be \$275 million, then at that level there should be no negative change for Latin America in its regional IPF between 1972-1976 and 1977-1981. However, to the extent that a deficit was introduced, he suggested that it should be shared out among the regions in proportion to their non-deficit allocations. One member withdrew a formal proposal that he had tabled under this item (see paragraph 53). Some members, while accepting the consensus in a spirit of compromise, wished to

maintain their reservations on the methodology employed in DP/26. Some other members expressed the hope that the Administrator, before submitting the final country IPFs for the next cycle, would correct the inequities resulting from historical projections and apply the supplementary criteria to all countries.

Observations of the Administration

61. In replying to points raised during the discussion, the Deputy Administrator regretted any lack of clarity in DP/26 which might have been caused by a desire to avoid excessive repetition of what had been stated fully in earlier reports on the same subject. Previous reports and discussions in the Council contained explanations of the particular population and per capita GNP functions used in that document. Since there was no such thing as abstract equity, in this case it was for the Council to determine what constituted equity. The Deputy Administrator restated the inappropriateness of being explicit as to which individual countries had benefited from particular supplementary criteria. The allocation under supplementary criteria had been done with discretion granted by the Council to the Administrator. It was possible in some cases, however, for a country to determine what share of its total illustrative IPF resulted from supplementary criteria. In reviewing the discussion, the Deputy Administrator was glad that there was a consensus on the shift of future UNDP resources to the low income countries.

62. He informed one member that the Administrator had made various constructive suggestions as to the possible use of his country's contribution in inconvertible currency. The Deputy Administrator assured another member that there had been no manipulations in making the calculations before the Council and that the Council was aware of all the bases of the current illustrative figures. The calculated extra requirement of \$154 million could be financed either from a general increase in the assumed level of resources - using the 1974 pledge base - or from a general increase in contributions to 11.2 per cent, or from resources generated by net contributions.

63. The Deputy Administrator was gratified that several members, including major donors, had advocated flexibility on the question of transition to net contributor status including the level of income at which such a campaign might start. Since there were no rigid contributions requirements for all other countries, it would be unfair to introduce such rigidity in this case. The Deputy Administrator emphasized that DP/26 did not link the illustrative extra requirement of \$154 million to the net contributor campaign; it simply sought to provide the Council with some illustrative calculations on net contributions so as to facilitate the Council's own determination of equity in the matter. Nevertheless, the Deputy Administrator opined that for some countries these theoretical calculations appeared in fact to be too modest.

64. The Deputy Administrator hoped that at the current session there would be a decision on the methodology employed in that document and on the illustrative figures arrived at in table 1 which would give the Administrator adequate guidelines for advance action on project approval. Final IPFs could then be established definitively in 1975 or 1976 as a result of any changes in basic data or in the total resource position.

2. Regional indicative planning figures

65. Under item 4 (c) (ii) of its agenda, the Council considered criteria to be followed in calculating regional IPFs for 1977-1981. As requested by the Council at its sixteenth session, the Administrator submitted a report on this question, contained in paragraphs 26 to 54 of DP/26.

Summary of discussion

66. Several members assessed regional and other intercountry projects as areas where further growth of UNDP should be encouraged. They stressed that UNDP's intercountry activities had an increasing potential which should not be underestimated. Several members were prepared to see allocated to global and interregional projects in the period 1977-1981 more than the illustrative amount of \$275 million referred to in DP/26. One member stated that if it was necessary to incur a deficit in order to give appropriate emphasis to regional activities, that would be acceptable. Another member stated that increased emphasis on regional activities would accord with the growing recognition of the importance of regional co-operation and self-reliance of developing countries as expressed in General Assembly resolutions, the International Development Strategy, and the first Review and Appraisal of the Second United Nations Development Decade. He referred, in particular, to General Assembly resolution 3177 (XXVIII) on economic co-operation among developing countries. Some members regarded the current distribution of UNDP resources between country and intercountry activities as realistic. One member related the future illustrative allocation of \$275 million for regional activities to the future response to the net contributions effort, and another member preferred to determine the actual amount after there was a clear picture of future allocations for all intercountry activities.

67. Several members called attention to the importance that they attached to subregional activities in their own regions. Some members considered that the Europe, Mediterranean and Middle East region contained a medley of heterogeneous countries, with very great disparities between the advanced European countries and the countries of the Middle East. Since what was meaningful to one subregion may not be meaningful to another, a proper distinction should be made and a separate IPF should be established in support of the subregional activities in the Middle East. One member requested that a separate Bureau should be established for the Middle East. One member also requested that a detailed study should be prepared for the Council which would take account of the legitimate interests of all subregions.

68. Several members urged that the criteria to be developed for 1977-1981 should bring about a more equitable distribution of regional IPFs than was evident to them in the current cycle. In particular, they drew attention to the current low level of 22 per cent of total regional IPF allocations going to Asia and the Far East - a region with more than half the population of the developing world with a regional per capita GNP of some \$140, which they said was the same as that of the African region, as shown in DP/26. They considered that there was great injustice in the existing regional IPF system, contrary to the Consensus on UNDP, which stipulated that there should be an equitable distribution of resources among regions for intercountry programmes. One observer felt that the current inequity for this region was almost scandalous. Another member stated that the principle of

solidarity with those making their best efforts at economic and social development required that this situation should be remedied. Several other members pointed also to what they saw as the inequitable situation of the Europe, Mediterranean and Middle East region during the current cycle; they considered their share of 11 per cent to be meagre and exceptionally low.

69. Some members were concerned about the use of quantitative indicators of need for technical co-operation that were regional averages. They felt that such averages often concealed significant differences in the needs of particular countries within the region. To illustrate, one member referred to the special needs of Sudan and Yemen in the Europe, Mediterranean and Middle East region. The majority of members supported the view that population and per capita GNP were the most important quantitative criteria for determining regional IPFs. Several members observed, however, that these two criteria should be used with some caution since the rationale for their use to determine regional allocations differed from that of their use for country IPFs. It was also generally regarded as important that other quantitative criteria should be employed, among them those listed in DP/26, table 3. Several members placed particular emphasis on such other criteria as the number of least developed countries and land-locked countries within a region. Several other members referred to the special needs for regional co-operation assistance in the case of sea-locked countries, for example, those in the South Pacific. Other members mentioned the size of a region and the variety of conditions within the region. One member considered that due attention should be given to regions which experienced a recurrence of natural disasters, including drought. One member preferred that more attention be given to regional indicators of health care.

70. The willingness and ability of a region to engage in regional co-operation was considered by many members to be a vital precondition for useful regional project activities, but other members noted that this precondition was present in all developing regions. Several members felt that the willingness to co-operate was not a useful criterion because of the difficulty of establishing a meaningful measure. One member stated that the willingness to co-operate regionally could not be measured in his region because the shortage of funds in the past had simply led to the shelving of several project proposals. One member suggested that this criterion might be more useful in deciding on projects within rather than between regions. Some members stressed that the will and ability to co-operate regionally should loom large among criteria for determining regional IPFs. They considered that this criterion was measurable, and that if it was ignored, the interests of the Latin American region would suffer. A member did not feel that mere mechanical translation of country IPFs into regional IPFs would do justice to the concept of regional co-operation and he felt that it would be more useful to have regional IPFs determined on the basis of the nature of regional problems and, more importantly, on the existence in the region of the necessary material basis for regional co-operation. Another member regretted the absence from DP/26 of an analysis of the comparative ability of regions to implement regional activities since the real ability of a region to co-operate regionally should form part of the criteria employed.

71. Many members felt that the proper determination of regional IPFs required the reflection, also, of a region's special needs and, among these, they referred to the need for assistance to national liberation movements in Africa; the need to help refugees in the Middle East; and the need to alleviate the consequences of the

Sudano-Sahelian drought. One member regretted the identification as a special problem, in DP/26, of the language problem in Africa. Several members regarded the constructive role that could be played by the United Nations regional economic commissions in promoting regional co-operation as an element to be considered in the establishment of regional IPFs and another member referred to the positive attitude of the Economic and Social Council in this matter. Several members referred to other organizations which presented a special opportunity for effective regional action that had not been mentioned in DP/26, such as the Latin American Institute for Economic and Social Planning (ILPES); the continuing attempts to build a comprehensive West African economic community; and the League of Arab States.

72. The paramount requirement for a simple approach to the calculation of regional IPFs was urged by several members and it was stressed that there was no need for a precise mathematical formula in this regard. An observer stated that the negotiation of new regional IPFs would be a test of statesmanship. Several members insisted on an inextricable link between a decision on country IPFs and a decision on regional IPFs and considered that a comprehensive solution must be devised on the twin problems at one and the same time. It was generally regarded as fair and understandable that the new regional IPFs should primarily reflect the population and per capita GNP situations in a region but also that other useful criteria should not be ignored. Several members considered that to a large extent, regional IPFs should be proportional to the total country IPFs for each region. Some members suggested that between 15 and 25 per cent of regional IPFs might be determined on the basis of the various other criteria referred to above. It was generally stressed that there should be no negative changes in the amount of any region's IPF between the 1972-1976 and 1977-1981 cycles. One member felt that this would prevent the interruption of important regional endeavours. Several members urged that at least one third of the total resources available for regional programmes should be allocated to the Asia and the Far East region in the second cycle. One member stated that two regions - Africa and Asia and the Far East - should be given two thirds of the total. Another member felt that on the hypothesis of the illustrative amount of \$275 million available for distribution as regional IPFs there should be no negative changes in the levels of regional IPFs between the 1972-1976 period and the 1977-1981 period; after these allocations had been made, the remaining amounts available for distribution should be disbursed on the basis of population, per capita GNP, and regional and subregional co-operative arrangements, with equal weightage being given to each of these criteria. Some members pointed to the need for a proportional sharing out among all regions of those resources allocated for 1977-1981 regional projects above the illustrative amount of \$275 million referred to in DP/26. Divergent views were expressed about the possibility of a staggered allocation of regional IPFs.

73. Several members stated the impossibility of deciding on actual regional IPFs for 1977-1981 at the current session and it was generally felt that the Administration should submit a further report to the Council on the matter at its eighteenth session taking into account the views expressed at the current session. The report should contain illustrative calculations of regional IPFs that could be accepted as guidelines for planning activities for 1977-1981. One member requested that account be taken of the report of the Working Group on Technical Co-operation among Developing Countries. One member suggested that the submission of a report on regional IPFs to the nineteenth, instead of the eighteenth, session would allow for new information on resources emanating from the next Pleding Conference and

might help prevent too burdensome an agenda at the eighteenth session. Divergent views were expressed as to when the Council might take a final decision on regional IPFs. Some members suggested the eighteenth session; another member stated that he had an open mind and that a small group might be asked to look into the matter in depth before a decision was made. One member felt that it was necessary to take a decision well before 1977.

74. Some members referred to UNDP interregional and global projects and took note of the shortage of funds that had prevented the approval or implementation of some global project proposals. The Administrator was requested to present a report to the Council which considered the positive and negative aspects of engaging, respectively, in regional, interregional and global projects and which included ideas on future allocations for all such activities.

Observations of the Administration

75. The Deputy Administrator (Programme), in response to the discussion, suggested that the next report to the Council on this subject might restrict itself to a set of illustrative calculations of regional IPFs for 1977-1981. While there would be reference to the criteria used, there need not be any further essay on them.

76. The Deputy Administrator indicated the usefulness of reporting on interrelated interregional and global UNDP activities. Attention might be given to the possibility of their merger so that the Programme would then consist of three categories of projects: country, regional and global. An examination might be made, also, of the usefulness of maintaining the Programme Reserve: it might be found, perhaps, that its elements, such as Special Industrial Services and investment feasibility studies, lacked a logic for the future. On the other hand, the need for a contingency reserve for unknown situations might appear desirable. It would be useful at the same time to consider the total financial implications of all Programme activities. The Deputy Administrator stated that this overview could best be submitted to the nineteenth session, taking account of the results of the next Pledging Conference.

Decision of the Governing Council

77. At its 410th meeting, the Governing Council adopted the following decision by consensus:

The Governing Council,

Having considered the item entitled "Further review of criteria to be followed in calculating indicative planning figures for the 1977-1981 period",

(a) Reaffirms its decision taken on this subject at its sixteenth session, contained in paragraph 90 of document E/5365/Rev.1; 2/

(b) Notes with appreciation the proposals submitted by the Administrator in document DP/26 and the comments made by him thereon;

2/ Ibid.

(c) Accepts the criteria and the methodology for the purpose of calculating country indicative planning figures for the 1977-1981 period as contained in document DP/26;

(d) Recommends that the Administrator use the illustrative individual country indicative planning figures given in table 1 of document DP/26 as guidelines for the purpose of forward planning;

(e) Decides to adopt final country indicative planning figures for the 1977-1981 period in January 1976 on the basis of the latest available data and resource situation;

(f) Requests the Administrator, taking into account the voluntary character of the Programme and in accordance with the relevant decisions of the Governing Council, to pursue his efforts towards increasing the over-all resources of the Programme, including consultations with recipient countries at the upper end of the per capita GNP scale, taking into account the views and reservations expressed on the question of the net contributor status, and to report back to the Council beginning in January 1975;

(g) Invites the Administrator, taking into account the views expressed, to propose to the Governing Council at its eighteenth session criteria and illustrative calculations of regional indicative planning figures for the 1977-1981 period, ensuring that:

- (i) There shall be no negative changes in the amounts of the regional IPF allocations to the various regions for the 1977-1981 development cycle relative to the 1972-1976 period;
- (ii) The calculations shall be based on the 1977-1981 aggregated country IPFs for the different regions, as well as relevant supplementary criteria, in particular the number of least developed countries and land-locked countries in a region.

CHAPTER III

FINANCIAL MATTERS

78. The Governing Council considered the financial matters before it under item 7 (a) and (c) of its agenda on the basis of the reports of its Budgetary and Finance Committee submitted on estimates of resources and Programme costs (DP/32; DP/L.294/Add.2); and (c) Agency overhead costs (DP/31; DP/37; DP/L.294/Add.3).

A. ESTIMATES OF RESOURCES AND PROGRAMME COSTS

79. The Budgetary and Finance Committee had for review under agenda item 7 (a) the latest estimates of resources and Programme costs for the period 1972-1976, which reflected an estimated surplus for planning purposes of \$69.3 million, which might, however, be affected adversely by disquieting global, economic and political conditions.

Summary of discussion in the Committee

80. A consensus emerged in the Committee in support of the Administration's point of view that it was premature to suggest a definitive course of action at the current session concerning the planning surplus of \$69.3 million. Uncertainties were due particularly to the volatile character of transactions in the international money markets which had seen a turn around of the United States dollar, the monetary unit in which UNDP's financial transactions were expressed, from its previously depressed position as compared with other leading world currencies. In this connexion, the sudden and uncontrollable swings in the value of currencies led a few members to express the view that a shadow would be cast on the results of analyses which had to be based largely on such elusive and rapidly changing factors. The Administration felt, nevertheless, that it was reasonable for the Council to expect some attempt to marshall all the facts known, in order to enable the Council to consider a synthesis of the data at its eighteenth session. A more perceptive analysis would perhaps be forthcoming at the nineteenth session which would include data on the results of the 1975 Pledging Conference.

81. Some members held the view that any real surplus could commendably be used to finance global and interregional projects, and to finance efforts to foster co-operation among developing countries. Others hoped that any supplementary funds becoming available would be used to finance novel and creative ideas to respond to the challenges facing mankind in the years ahead. In this connexion, reference was also made to the desirability of allocating more funds to the Programme Reserve.

82. While members recognized with appreciation the continuous efforts by the Administration to check the steady rise in administrative and programme support costs, they again expressed concern over the relation of these costs to field programme costs. One member, deploring the fact that while resources had increased by approximately 20 per cent administrative costs had increased by nearly

13 per cent and final programme costs had increased by 8 per cent, requested the Administrator to take urgent steps to rectify the situation. Several members noted the decline in programme growth and requested the Administrator to pay particular attention to this aspect of UNDP operations; the eroding value of all currencies, it was felt, made it more than ever obligatory on the part of the Administration to step up the rate of delivery of the programme and to avoid a carry-over of funds to the next IPF cycle.

83. With regard to the level of contributions, members expressed gratification over the heartening results of the 1974 Pledging Conference. Nevertheless, they commented on the fact that the common objective established for all Governments, an increase of at least 9.6 per cent per annum, was by no means being universally observed, and they urged those Governments which had not yet met this objective to do so. Moreover, some members stressed that since this rate of increase would not ensure the dynamic growth envisaged for the Programme, it was imperative that annual contributions reflect a higher rate of growth as recommended by the General Assembly. In this regard, concern was expressed that a relatively small number of Governments had brought about the encouraging over-all results for 1974; other Governments in a favourable economic position were called upon to make special efforts to help assure satisfactory future growth.

Decision of the Governing Council

84. At its 415th meeting, on the recommendation of the Budgetary and Finance Committee in its report (DP/L.294/Add.2), the Governing Council adopted the following decision:

The Governing Council

(a) Takes note of document DP/32 setting out resource and Programme cost projections of UNDP for the period 1972-1976 and the observations of members thereon;

(b) Requests the Administrator to submit revised estimates to the eighteenth session together with his recommendations for action.

B. AGENCY OVERHEAD COSTS

85. The Assistant Administrator, Bureau of Administration and Finance, in introducing document DP/31, recalled some of the more significant developments in connexion with the implementation of a cost measurement system.

86. In drawing the attention of the Committee to the annex to document DP/31 containing the commentary of the Consultative Committee on Administrative Questions (CCAQ), the Assistant Administrator sought the views of the Committee on its contents. These would provide important assistance and guidance to CCAQ in carrying forward its studies.

87. The Committee was informed that, in accordance with the instructions of the sixteenth session of the Governing Council, UNDP had, beginning in January 1974,

initiated the first stage of a system of cost measurement. Cost data was being collected as requested on a project basis.

Summary of discussion in the Committee

88. During the discussion, members questioned the apparent decision of CCAQ not to produce cost data at the project or project-type level. The Committee also registered alarm over the indicated level of 20 to 25 per cent for agency overhead costs that the preliminary data had produced. They reported that concern over this matter in governmental and public circles had mounted to such proportions that there was a growing risk of an unfavourable effect upon voluntary contributions to UNDP.

89. The discussion brought forth a series of questions and suggestions that needed to be fully taken into account in instituting a system of cost measurement as a basis for overhead reimbursement by UNDP. The following issues, in particular were stressed:

(a) The Governing Council should investigate all ways to reduce costs of implementation.

(b) Overhead costs needed to be controlled and should be met from a source best able to control such costs.

(c) Was the sharing of functions between UNDP and the agencies adequate and fair or was there too much overlapping of functions resulting in increased costs?

(d) What were the intrinsic tasks of the agencies and what services related to project activities?

(e) The Advisory Committee on Administrative and Budgetary Questions (ACABQ) should be called upon to review the data before it was submitted to the Governing Council for study at its eighteenth session.

(f) The Joint Inspection Unit (JIU) should be asked to review the work of CCAQ and to provide a commentary for consideration by the Council at its eighteenth session.

(g) Could costs be reduced if more projects of a subcontracting type were executed by UNDP?

(h) There was a need to reassure contributors as well as recipient countries that funds were being used effectively, which might be difficult if 30 to 35 per cent was identified as a ratio to the field programme covering over-all administrative costs, including those contained in the UNDP budget.

(i) Some of the difficulties arose through differences in definitions and interpretations of data; agency overhead costs and the UNDP budget contained many elements which could readily be considered as forming part of direct project activity.

(j) The Administrator should quantify the financial impact and describe managerial implications of any options presented in future documents.

(k) The data do not appear to consider additionality which was the understanding of some delegations of the original objective of overhead cost payments.

(l) In order to reduce costs, the Governing Council should consider again the integration of overhead costs into the IPFs.

(m) An increase in the utilization of national institutions with a view to reducing costs.

90. Some members, in the course of their comments, indicated that they could support some of the options on reimbursement suggested by CCAQ; others indicated that any decision in this respect must await the review of the more comprehensive data to be provided to the Governing Council at its eighteenth session. One member suggested that all agency overhead costs connected with the implementation of UNDP projects should be fully financed from UNDP funds. Another member considered, however, that the agencies had, according to their charters, the obligation to promote certain basic objectives and that they should not therefore expect to be reimbursed for all the costs incurred by their participation in UNDP in order to promote the same objectives through technical assistance.

91. When commenting on the Administrator's recommendation for application of flexibility on overhead reimbursement for 1974 as contained in document DP/37, members were prepared to support the proposals, but requested that additional details regarding such recommendations be included in future documentation. Some members said that they would agree only reluctantly to this proposal.

92. The representative of the Food and Agriculture Organization of the United Nations (FAO) informed the Committee that FAO did not expect reimbursement of overhead costs at a level of 20 to 25 per cent; a decision in this respect rested with the Governing Council.

93. He also informed the Committee that FAO would be prepared to undertake a study and to report to the Governing Council in June 1974 on the various factors and actions involved in undertaking to collect cost measurement data on a project or project-type basis.

Observations of the Administration in the Committee

94. In replying to the comments of members of the Committee, the Assistant Administrator stated that a clear indication of the dangers and problems ahead had been given by members of the Budgetary and Finance Committee.

95. While expressing appreciation for the guidance provided by members on what was expected from a system of cost measurements, the Assistant Administrator reminded the Committee of the important and necessary role of the agencies in the UNDP operation and the unusual difficulties faced by them in participating in work on behalf of UNDP.

96. It was apparent from the comments made that a reimbursement level of 20 to 25 per cent must be ruled out as too high, though the reference in the document was informative only and was in no way intended to be a definitive percentage.

97. Members were informed that UNDP was a member of the CCAQ Task Force, and, while participating and assisting in laying out the patterns for possible reimbursement of overhead costs, had not reached a final position or view on which option, or combination of options, should be selected.

98. The Assistant Administrator informed the Committee of the difficulties foreseen in the preparation and submission of documentation on overhead costs for the eighteenth session of the Governing Council in June 1974. The CCAQ Task Force was scheduled to meet in April 1974 to finalize related documentation. A report would then be formulated for review by the ACABQ in mid-May 1974, the earliest date at which the Committee could meet on the subject. Such timing naturally would result in documentation being received by members at a later date than would be acceptable under normal circumstances.

99. The Assistant Administrator also agreed to approach the JIU to review the work of CCAQ on the lines suggested by members of the Committee.

100. Regarding a question on UNDP execution of projects carried out through subcontracting, the Committee was informed that activity to date was relatively low in volume and limited to carefully selected projects. It therefore was not conducive to any final conclusion, though UNDP was encouraged by the results thus far.

101. The Assistant Administrator informed the Committee that the expressed wish of members for more details in the documentation covering the application of flexibility for overhead reimbursement would be met in future submissions.

Decision of the Governing Council

102. At its 415th meeting, on the recommendation of the Budgetary and Finance Committee in its report (DP/L.294/Add.3), the Governing Council adopted the following decision:

The Governing Council

(a) Takes note of document DP/31 and DP/37 and the views expressed in the Committee;

(b) Expresses grave concern about the level of agency overhead costs indicated in the preliminary analysis contained in document DP/31;

(c) Authorizes the Administrator to make overhead payments totalling a maximum of \$3,430,360 for 1974 to IMCO, UNCTAD, UPU, WMO and ICAO under flexibility arrangements as outlined in document DP/37 and reconfirms to the Administrator the authority for flexibility on overhead reimbursement for agencies involved for 1972 and 1973 as described in paragraph 3 of document DP/37.

CHAPTER IV

ADMINISTRATIVE AND BUDGETARY MATTERS

103. The Governing Council considered the administrative and budgetary matters before it under item 7 (b) of its agenda on the basis of the reports of its Budgetary and Finance Committee submitted on the following questions: supplementary budget estimates for the administrative and programme support services for the year 1974 (DP/34; DP/L.294); supplementary budget estimates for the Working Group on Technical Co-operation among Developing Countries for the year 1974 (DP/34/Add.1; DP/L.294/Add.6); a general outline of budget estimates for the year 1975 (DP/29; DP/L.294/Add.1); and a note by the Administrator concerning long range organizational and procedural improvements in respect of the Regional Bureau for Africa (DP/29/Add.1; DP/L.294/Add.5).

A. SUPPLEMENTARY BUDGET ESTIMATES FOR THE ADMINISTRATIVE AND PROGRAMME SUPPORT SERVICES FOR THE YEAR 1974

104. The Budgetary and Finance Committee had before it a report by the Administrator concerning supplementary budget estimates for the administrative and programme support services for the year 1974 (DP/34).

105. In introducing this item, the Assistant Administrator, Bureau of Administration and Finance, informed the Committee that the Administrator was making every effort to absorb as much as possible of the additional costs resulting from inflation, currency devaluation and currency realignment within the level of the approved budget for 1974. He added that additional mandatory costs, which were beyond the control of the Administrator, calling for total supplementary estimates of \$1,597,700 (net) outlined in paragraphs 6-9 of DP/34, could not, however, be absorbed within the approved level of the budget.

Summary of discussion in the Committee

106. The Committee expressed its appreciation for the Administrator's efforts to absorb as much as possible of the additional costs within the level of the approved budget for 1974. In regard to the proposed supplementary estimates, some members, while expressing regrets about the increases, recognized their necessity as being mandatory.

107. In regard to the item of supplementary estimates of \$651,400 related specifically to the effect of the progressive devaluation of the United States dollar, some members suggested that in view of the current trend of progressive revaluation of the United States dollar a reduction in this amount might be possible. The Assistant Administrator, Bureau of Administration and Finance, while emphasizing the complexity of UNDP financial operations as being conducted in a large number of currencies around the world, indicated the possibility of reducing the estimates by a maximum of \$50,000. The Committee endorsed the supplementary estimates taking into account this reduction.

Decision of the Governing Council

108. At its 415th meeting, the Governing Council adopted the following decision, recommended to it by the Budgetary and Finance Committee, in its report (DP/L.294), subject to the observations expressed in the Committee:

The Governing Council

(a) Approves the supplementary budget estimates for administrative and programme support services of UNDP for 1974 in a total amount of \$1,547,700 (net) as submitted in document DP/34, taking into consideration the reduction of \$50,000 announced by the Assistant Administrator, Bureau of Administration and Finance, under the following appropriation sections:

	<u>US\$</u>
Section 1 - Salaries and wages	2,499,400
Section 2 - Common staff costs	<u>650,700</u>
Total <u>gross</u>	3,150,100
Section 7 - Estimated income	<u>1,602,400</u>
Total <u>net</u>	<u>1,547,700</u>

(b) In order to finance these supplementary estimates, authorizes an allocation in the amount of \$1,547,700 (net) from the resources of UNDP.

B. SUPPLEMENTARY BUDGET ESTIMATES FOR THE WORKING GROUP ON TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES FOR THE YEAR 1974

109. The Budgetary and Finance Committee had before it a report by the Administrator concerning supplementary budget estimates for the Working Group on Technical Co-operation among Developing Countries for the year 1974 (DP/34/Add.1).

110. The Chairman of the Working Group informed the Committee of the reasons that led the Group to propose its enlargement to 18 members as indicated in DP/34/Add.1, paragraph 1. The Chairman of the Working Group further explained to the Committee the alternative dates and sites available for the third session of the Group and outlined the reasons which led the Group to request the Administrator to submit to the Committee a supplementary budget estimate.

Summary of discussion in the Committee

111. The size and composition of the Working Group were discussed in relation to the need to assure adequate representation of developing countries from various regions. Given the assurances expressed by the Administrator that the number of members in the Group could be further increased to 19 within the total supplementary budget estimates, the Committee agreed to this further increase.

112. In regard to the site and date of the third session of the Working Group, views were exchanged in relation to the various alternatives and their implications

in terms of additional cost and availability of time to finalize a report for the eighteenth session of the Governing Council.

Observations of the Administration in the Committee

113. The Assistant Administrator, Bureau of Administration and Finance, informed the Committee of the reasons which had led the Administrator to submit the question of additional members for its consideration. He indicated the Administrator's interest in the efforts of the Working Group and asked the Committee to reach a decision on the supplementary budget estimates under discussion.

Decision of the Governing Council

114. At its 415th meeting, the Governing Council adopted the following decision, recommended to it by the Budgetary and Finance Committee in its report (DP/L.294/Add.6), subject to the views expressed in the Committee:

The Governing Council

(a) Approves an increase in the membership of the Working Group on Technical Co-operation among Developing Countries to 19 members;

(b) Decides that the next session of the Working Group will be held from 29 April to 10 May 1974 in New York;

(c) Accordingly approves supplementary budget estimates for administrative and programme support services for 1974 in a total amount of \$50,000 under the following appropriation sections:

Section 1 - Salaries and wages	\$40,000
Section 5 - Other general expenses	\$10,000
Total	<u>\$50,000</u>

(d) In order to finance these supplementary estimates authorizes an allocation of \$50,000 (net) from the resources of UNDP.

C. GENERAL OUTLINE OF BUDGET ESTIMATES FOR THE YEAR 1975

115. The Budgetary and Finance Committee had before it a report by the Administrator concerning the general policies in respect of the budget estimates for the administrative and programme support services of UNDP for the year 1975 (DP/29).

116. In introducing this item, the Assistant Administrator, Bureau of Administration and Finance, informed the Committee that document DP/29 endeavoured to give a preview of the elements which would have a significant bearing on the budgetary requirements for 1975. He indicated that the preview took fully into account the comments often made in the Committee concerning administrative costs and the ratio of these costs to field programme costs. He referred to the savings which were achieved in previous years' budgets and indicated that the Administrator

intended, as far as possible, to continue this process in respect of the 1975 and future budgets. Specifically, he referred to the Administrator's goal of a reduction in 1975 of some 30 professional posts in the UNDP staff establishment. The Committee was informed in this connexion that a comprehensive review of staff assignments was now under way and reference was made to the role of the Organization and Methods staff as well as the UNDP Management Inspection Service in this over-all effort. The Assistant Administrator indicated that other housekeeping and service costs at headquarters were under review and resident representatives were being asked to do the same in respect of similar costs arising in the field.

117. With reference to the other factors which would or might have a bearing on the budget situation in 1975, he referred to the existing arrangements with FAO and the United Nations Industrial Development Organization (UNIDO) concerning the provision of a total of 58 Senior Agricultural Adviser/FAO Country Representatives and 30 Industrial Development Field Advisers, a subject to be discussed by the Council under a separate agenda item during the current session (see chapter VII); these would remain the same in 1975. He indicated that changes in the recruitment process of volunteers for the United Nations Volunteers programme might result in a modest increase in costs. Growth in staff training activities reflected the Council's encouragement at its previous sessions as well as UNDP's needs for staff training programmes.

118. The Assistant Administrator indicated that precise relocation costs of UNDP headquarters offices were uncertain at this time; however, a separate report for such one-time items of expenditure would be submitted to the Council in due course. He emphasized that such costs could be quickly offset by savings in rental costs in subsequent years. He informed the Committee that in view of the postponement of a decision on the International Civil Service Commission by the General Assembly, this item of expenditures would now be withdrawn.

119. He informed the Committee that while projected increases in 1975 were likely to be of the order of 8 to 9 per cent over 1974, mainly due to mandatory increases, he hoped that actual net increases would, through the Administrator's efforts, including an aggressive and continuing economy drive, be limited to some 4 to 5 per cent.

120. The Administrator, in supplementary introductory comments to those made by the Assistant Administrator, referred to the discussion and dialogue which had taken place when he first met with the Committee in January 1972 regarding operating expenses and their relation to resources. He indicated that added expenditures in previous years were largely due to the increased responsibility placed upon UNDP, particularly at the field level. This called for considerable evaluation, training and development to increase the stature and capability of a large portion of UNDP professional staff. He added that the trend of increases was slowed down with the reduction of some \$860,000 in the past year's initial budget and hoped for similar results with the reduction in 1975 of some 30 posts.

121. The Administrator expressed the hope that, barring the effects of inflation, future budgets would reflect a levelling-off of costs as the Programme grew and the resources increased and a reduction in the percentage of administrative costs in relation to programme costs. He assured the Committee that he was very conscious of this over-all objective and all efforts would continue to be made in that direction.

Summary of discussion in the Committee

122. The Committee expressed appreciation for the analytical presentation of document DP/29 which made it possible to see more clearly the Administrator's intention in respect of budget estimates for 1975. The Committee also took note of the projected estimates for 1975 and specifically noted with appreciation the Administrator's intended efforts to reduce and contain administrative costs. However, some members, while noting that the projected increase in 1975 was modest, expressed doubts about the possibility of containing the increase to 4 or 5 per cent above the approved 1974 budget. Other members indicated that the projected increases were being kept to a reasonable level and expressed appreciation for the constant concern of the Administrator with regard to administrative costs. One member suggested that administrative costs should be further reviewed in order to achieve stabilization of the administrative budget.

123. Several members expressed the view that while the projected increase was modest and far below the annual rate of anticipated growth in resources, the projected estimates were still high when compared with the estimated field programme costs.

124. Some members, referring to the impact of the progressive devaluation of the United States dollar which had been taken into consideration in the projected estimates, indicated that the forecast of estimates did not appear to reflect the possible trend of progressive revaluation of the United States dollar. It was suggested that this be reviewed and taken into consideration when preparing the final budget estimates for 1975.

125. Some members, while welcoming the Administrator's initiative in the contemplated reduction of 30 posts, expressed the hope that such a reduction would not impair the efficiency of UNDP and hamper programme implementation. Others expressed the hope that this contemplated action would not result in hardship for some existing staff and wondered whether the reduction was to be achieved by abolishing vacant posts only or through termination of some of the existing staff. Several members welcomed the review by the Administrator to simplify methods and to examine the relationship between UNDP headquarters and the field offices in order to improve project formulation procedures and to encourage greater decentralization of programming and implementation functions from headquarters to the field level.

126. Reference was made to items of the budget such as temporary assistance, overtime and travel costs and it was suggested that these be carefully reviewed and reductions, where possible, could also be achieved on those items.

127. The Committee noted that in the light of the action taken by the General Assembly for deferral of the proposed establishment of the International Civil Service Commission, the question of UNDP participation in the activities of the Commission did not arise at this stage.

128. Several members suggested in connexion with the proposed expansion of the United Nations Volunteers that recruitment of volunteers from developing countries should be made with the co-operation of the country concerned and the UNDP resident representative's office. Some members questioned the usefulness of creating the post of recruiting agents since their functions could be perfectly well carried out by national institutions in co-operation with UNDP resident representatives' offices.

129. A number of questions were raised about staff training activities and several members supported the proposed expansion of these activities in 1975. In this connexion, it was suggested that in view of the unfavourable decision taken by the General Assembly concerning the proposed establishment of the Division of International Staff Training of the United Nations Institute for Training and Research (UNITAR) the provision included in the projected estimates for UNDP participation could be deleted.

130. One member referred to the Working Group on Technical Co-operation among Developing Countries which was established by the Governing Council at its fifteenth session and indicated that a need might arise for establishing a unit within UNDP for dealing with this question. While he had no concrete proposal in this regard, he informed the Committee that this might be the subject of a recommendation by the Working Group.

Observations of the Administration in the Committee

131. During the discussion, the Deputy Administrator (Administrative) responded to comments made by some members concerning staff training activities and the United Nations Volunteers programme. In regard to staff training activities, he indicated that the projected costs of these activities in 1975, which could be estimated at less than 1 per cent of the estimated total staff costs, were considered to be a reasonable level. He added that UNDP was now gearing up its staff training activities and career development programme and informed the Committee of the Administrator's intention to submit detailed reports on these activities to the Council at a later session. As regards the United Nations Volunteers programme, and in particular recruitment of volunteers, he stated that the proposal was to strengthen the recruitment machinery of the programme in co-operation with resident representatives' offices and emphasized that planning efforts were being made to increase co-operation with national volunteers organizations and movements in developing countries.

132. The Assistant Administrator, Bureau of Administration and Finance, responded to a number of points made by members. On a question regarding the contemplated reduction of 30 posts, he stated that this would be achieved without the necessity of termination of staff largely because of the flexibility of staff changes which existed within the over-all UNDP establishment. Regarding the intended review of existing offices and suboffices referred to in paragraph 11 of DP/29, he stated that this related to some of the existing offices in Europe and indicated the possibility of transferring the functions of these offices to the UNDP European office in Geneva. In response to a specific point regarding the anticipated additional costs relating to the United Nations Volunteers programme for recruitment purposes, he said that this might be of the order of \$20,000 to \$30,000.

133. Referring to a point raised concerning the possibility of reductions in costs other than those related to staff, he stated that the Administrator was looking at this critically and the 1975 estimates of these items would be subject to a severe scrutiny. Concerning a biennial budget presentation by UNDP, he indicated that this would be a subject of consideration by the Council at its eighteenth session.

134. In conclusion, the Assistant Administrator emphasized that the Administrator would take fully into account the comments and observations made by members of the Committee when formulating his 1975 budget estimates.

Decision of the Governing Council

135. At its 415th meeting, on the recommendation of the Budgetary and Finance Committee in its report (DP/L.294/Add.1), the Governing Council took note of document DP/29 as well as the views and observations expressed thereon in the Budgetary and Finance Committee.

D. LONG-RANGE ORGANIZATIONAL AND PROCEDURAL IMPROVEMENTS IN RESPECT OF THE REGIONAL BUREAU FOR AFRICA

136. The Budgetary and Finance Committee had before it a note by the Administrator concerning long range organizational and procedural improvements in respect of the Regional Bureau for Africa (DP/29/Add.1).

137. In initiating consideration of this item in the Committee, the Administrator emphasized that the problem outlined in the paper, DP/29/Add.1, was essentially a management responsibility. Because of its broad overtones and the complexities involved, the Administrator and his senior associates had been preoccupied with the matter for several months. Now that a suitable plan for action had been formulated, the Administrator was hopeful that members of the Council would have suggestions which would be helpful in making the management decision more effective.

138. He referred to UNDP's responsibility placed upon it by the Consensus for the implementation of the over-all UNDP programme and emphasized that UNDP's motivation in Africa as elsewhere in the world was to ensure that all resources were utilized to the best possible advantage and with maximum effectiveness. This, he added, called for identifying and fully utilizing those key individuals with the maximum of experience and the best judgement available within UNDP.

Summary of preliminary discussion in the Committee

139. There were expressions of appreciation for the Administrator's concern about the situation in Africa which had prompted his proposal. Several members, however, while not questioning the managerial responsibilities of the Administrator, indicated that the question deserved further consideration and that time should be available for consultations between members of the African Group within the Council. It was therefore suggested that consideration of the item be deferred.

140. One member requested more information about UNDP experience so far with its relation with the Economic Commission for Africa. Another member, while expressing his appreciation for the Administrator's concern regarding arrangements in Africa, reiterated the proposal his delegation had made at previous sessions of the Council, namely, that responsibilities for the Middle East region should also be detached from the existing combined arrangements for Europe, the Mediterranean and the Middle East.

Observations of the Administration in the Committee

141. The Administrator indicated that he would continue to discuss the question with the members concerned and repeated that there was no intention to interfere in any

way with the most commendable efforts toward economic and social unification of Africa. It was essential for a decision to be taken on this matter at the current session of the Council.

142. In response to a question regarding the possibility of a separate Bureau for the Middle East, the Administrator stated that the UNDP European Office in Geneva would progressively assume operational responsibilities for programmes in European countries, a situation which would tend to convert the existing Bureau to Middle East coverage for the most part. He added that while there was no apparent problem in the existing arrangement for the Middle East, there was a distinct management problem for UNDP in Africa.

143. In response to a question concerning UNDP's relation and co-ordination with the Economic Commission for Africa, the Assistant Administrator in Addis Ababa indicated that a modest but promising beginning had been made. His conclusion from those beginnings was that the Economic Commission for Africa had a clear potential contribution to make to UNDP's work and could help make UNDP assistance to African countries more effective. The following steps had already been taken:

(a) Removal of past obstacles resulting in improved communications between UNDP and the Economic Commission for Africa;

(b) UNDP resident representatives now represented and serviced the Economic Commission for Africa at the country level;

(c) Comments of the Economic Commission for Africa were being systematically obtained on proposed intercountry projects;

(d) Proposals initiated by the Economic Commission for Africa were being obtained for intercountry projects;

(e) A small beginning had been made on the Economic Commission for Africa's execution of UNDP-financed intercountry projects.

Summary of resumed discussion in the Committee

144. The Administrator stated that he had listened with interest and attention to the views expressed by delegations concerning proposals contained in DP/29/Add.1, as amended by his statement to the Committee on 15 January. In view of the opinions which had been expressed to him both inside and outside the Committee, he had decided that it would be preferable to withdraw his proposals as they were now constituted.

145. Following this decision, he intended to proceed with the strengthening of the Regional Bureau for Africa in the light of what he deemed to be its operational requirements, and also observing the general framework established by the Consensus. In so doing, he would naturally be guided by the need to assure the optimum delivery of the UNDP programme in all African countries, and would make whatever organizational arrangements might be required to improve the Programme's efficiency and effectiveness in that continent. Members of the Council would no doubt be informed through the normal channels of such changes as were decided upon, and he intended to take counsel informally with members on such matters from time to time as might appear necessary. The changes which he might make would in any case be within the framework of the Consensus.

146. Finally, he assured members that he would continue to devote a substantially increased part of his own time to UNDP's programme in Africa where the greatest problem - and therefore the greatest opportunity - lay.

147. Speaking on behalf of the African Group, a member expressed its appreciation to the Administrator for his understanding of their position and his respect for their sensitivities. It was the Group's view that the consultations which had taken place were extremely useful, and the Group assured the Administrator of their continuing co-operation and full support in his efforts to make UNDP increasingly effective in Africa.

Decision of the Governing Council

148. At its 415th meeting, on the recommendation of the Budgetary and Finance Committee (in its report (DP/L.294/Add.5)), the Governing Council took note of the Administrator's statement during the resumed discussion in the Budgetary and Finance Committee as well as the views expressed by members of the Committee.

CHAPTER V

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

149. Under item 5 of its agenda, the Governing Council had before it:

(a) A report by the Executive Director of the United Nations Fund for Population Activities (UNFPA), concerning future fund-raising for UNFPA and the possible reconstitution of UNFPA's Programme Consultative Committee (DP/20);

(b) A summary of projects approved under the authority of the Executive Director of UNFPA (DP/23);

(c) Projects submitted to the Council for approval (DP/25 and Add.1-6); and

(d) The draft Financial Regulations and Rules of UNFPA (DP/18, DP/24 and DP/36).

150. The Council referred the item to its Budgetary and Finance Committee for preliminary consideration.

Consideration by the Budgetary and Finance Committee

151. In introducing his report (DP/20) and the other documentation referred to above in the Committee, the Executive Director of UNFPA said that UNFPA had reason to be satisfied with the existing relationship between itself, UNDP, the United Nations Children's Fund (UNICEF) and the specialized agencies as it evolved from the recent process of regularizing the Fund's position in the United Nations system.

152. The Executive Director said that, at the Council's direction, the Fund was bringing before the current session certain classes of projects for approval, fund-raising procedures, UNFPA's plans for obtaining technical advice, and its draft Financial Regulations and Rules deferred from the June 1973 session. It was also submitting a supplementary 1974 budget request.

153. As to the question of external technical advice, the Executive Director said that after this matter had been discussed at the June 1973 session extensive consultations had been held, in which the idea had been brought up that some of the advisory and co-ordinating functions of the old Programme Consultative Committee might be assumed by a UNFPA Technical Committee. A consensus had emerged that from time to time UNFPA should convene ad hoc meetings, the timing and composition of which would be specifically related to its needs, and that it should make modest additions to its staff in order effectively to utilize such groups. This was the background of the Fund's request for two professional posts at the P-4 level. In this context, the Executive Director emphasized his recognition that policy control lay exclusively with United Nations intergovernmental bodies, the Governing Council and the Economic and Social Council.

154. The Executive Director said that the third post UNFPA was requesting, at the D-2 level, was that of a Deputy Executive Director, Operations. In view of the time-consuming policy and representation functions of the Executive Director and his present Deputy, and in view of the rising volume of requests and projects under implementation, as well as the need for more detailed forward planning and for criteria and procedures for programme approval, the Fund was considering the consolidation of its operating divisions into two: a Programme Planning Division (PPD) and a Projects Division (PD). With the establishment of the new post of Deputy Executive Director, Operations, the assisting Deputy Executive Director would become Deputy Executive Director, Policy. He would assist the Executive Director in formulating policies and plans, in conducting external relations, in promoting population programmes and in building capacity in the United Nations system and elsewhere to respond to population needs. The Deputy Executive Director, Operations, would oversee day-to-day operations of the Fund, including project development, assessment and implementation. The D-2 post was thus a most vital and responsible one.

155. The Executive Director said that a limited number of additional staff would be needed before long. While future budget requests would be discussed with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) as specified by the Council last June, ACABQ had not commented on the current budget request because it was supplementary to the 1974 request, and because the Fund's Financial Regulations and Rules, which called for such discussion, had not yet been approved.

156. The Executive Director said that the demand for UNFPA's resources was now outrunning supply and that the Fund was now in the process of studying the requests in the pipeline before it could finalize the estimates to be submitted to the eighteenth session. There would, in all probability, be an upward revision of the Work Plan and a supplementary request for approval authority for 1974.

157. Regarding the report on approved projects (DP/23), the Executive Director drew the attention of the Committee to the fact that these were projects approved between the June 1973 session and the time-limit set by UNDP for processing documents for the present session. This was why the sum of allocations did not correspond to other financial statements issued by the Fund. In future, projects approved under delegated authority would be issued in individual documents, and a total for 1973 would appear in the annual report to be submitted to the June 1974 session.

158. In this context, the Executive Director suggested that, like UNDP, UNFPA be required to report only on projects exceeding \$100,000. In addition to the inclusion of all approved projects in the annual report, approvals in lesser amount, if the Council wished, might be reported from time to time during the year.

159. The Executive Director reviewed the Fund's activities under its responsibility for the World Population Year and said that contact with several hundred national and international non-governmental organizations had been established to involve them in the Year. Some 50 countries had now set up national commissions or similar organs. A much higher volume of population information was already being carried by the media, and films and publications were scheduled for release. There would be several publications, one in eight languages, during the Year and conferences for editors and journalists on population questions had been held in several areas. Non-governmental organizations having consultative status with the Economic and Social Council would hold a Population Tribune at the time of the World Population Conference.

Summary of discussion in the Committee

160. Several members of the Committee expressed appreciation for the manner in which UNFPA was discharging its duties and for the quality of the documentation presented. Some members from recipient countries voiced their satisfaction over the assistance they had received from the Fund. One member expressed the hope that the excess of demand for resources over their supply would soon be remedied. Satisfaction was also expressed by some members over the increased amount of projects in Latin America and over greater utilization, in accordance with the Economic and Social Council decision, of local implementation agencies in countries; however, one member raised the question of how such implementation by Governments would be monitored. Another welcomed increased activities of the Fund in the field of interdisciplinary research, vital statistics and bio-dynamics. In this context, he acknowledged the Upper Volta census project, substantial parts of the Latin American Demographic Centre (CELADE) project and the Romanian project. The need for the Fund having flexibility was stressed by many members, and one member raised the question of the rather complicated institutional framework under which UNFPA was operating, expressing the hope that this would be remedied after the World Population Conference; he stressed that the Fund's flexibility should not be lost.

161. Several members raised questions with regard to specific projects approved under the authority of the Executive Director. Some members pointed out that document DP/23 contained a breakdown only by functional categories and requested, in future, a breakdown also by geographical areas and executing agencies. It was pointed out that one project - support of the International Planned Parenthood Federation (IPPF) - was for an amount exceeding \$1 million; moreover, in connexion with this project, one member voiced objections to transferring funds from one funding agency to another. Some members felt that the information given on individual projects was scant. One member suggested that, in future, information should be given on previous input, expected results and future requirements, and the status of implementation. One member remarked that hardly any requests had been turned down by UNFPA.

162. The Committee in general endorsed the six project requests submitted by the Executive Director for approval (DP/25 and Add.1-6). Requests were made for more detailed information about the proposed country agreement with the Republic of Korea (DP/25/Add.1), and one member expressed surprise that the Planned Parenthood Federation of Korea was listed as the executing agency. The Costa Rica project (DP/25/Add.6) was welcomed by several members as innovative in the sense that implementation was entrusted to the Government; some members noted that seven organizations would be involved in implementing that project and he suggested that a UNFPA co-ordinator be stationed in Costa Rica. One member asked that the Fund report to the Committee on any future changes in this project. One member noted rather high staff costs in the CELADE project (DP/25/Add.4). With regard to the project for the Demographic and Training Centre in Romania (DP/25/Add.5) several members urged that it be utilized for training experts from developing countries. One asked that more details be given on the proposed curriculum and the student-teacher ratio.

163. One member suggested that the Council should reserve judgement on any new United Nations-supported demographic institutes until the committee on training had submitted its report. Several members urged the elaboration of more precise criteria for project assessment; one asked that such criteria be submitted to the

Governing Council, while another suggested that this was a policy matter within the jurisdiction of the Economic and Social Council. One remarked that the ratio of family planning projects was too low in comparison with other project activities. One member expressed the hope that the Fund would soon sign a comprehensive country agreement with India.

164. Regarding the Executive Director's suggestions for fund-raising, several members concurred with the suggestion in DP/20 that the outcome of the World Population Conference be awaited before reaching a decision on holding UNFPA pledging conferences. Some members doubted that there was a need to wait for the outcome of the Conference. The principle of separate pledging conferences for UNFPA was endorsed by many members. One member doubted that there was a need for pledging conferences separate from those for UNDP but several others strongly urged that pledging for UNFPA be kept strictly separate from pledging for UNDP. Some members suggested that the best time for announcing pledges would be during the annual General Assembly session, and it was generally agreed that a way had to be found for the Fund to know in advance what contributions it could expect from Governments. As to the Executive Director's suggestion that annual meetings of officials involved in their Governments' decision-making on contributions to UNFPA be held in the major regions, doubt was expressed by some members about the advisability of such a procedure and others urged that more thought be given to the idea. One member opposed the idea altogether. The view was expressed by some that the pledging conferences, if held, should be in New York. One member felt that the Council should make a temporary decision now on fund-raising procedures for UNFPA.

165. Regarding the suggestion for holding ad hoc meetings of groups which would give the Fund technical advice and ensure co-ordination with parallel population programmes, the view was expressed by several members that such meetings, if held, should be strictly technical. In this context members of the Committee noted with appreciation the assurances given by the Executive Director that policy decisions were the prerogative of the governing bodies of the Fund, such as the Economic and Social Council and the Governing Council. It was felt that such meetings should be truly on an ad hoc basis and should in no way become permanent. Another agreed they should be held on an experimental basis with a purely advisory function.

166. Several members commented favourably on the Executive Director's plan to bring about a partial reorganization of UNFPA headquarters to help discharge the Fund's responsibilities in the light of its increasing and changing workload. Many members expressed their support for the Fund's supplementary 1974 budget request, although one expressed concern lest the growth of the headquarters' staff become excessive. Several questioned the Fund's ratio between secretarial and professional staff.

167. With regard to UNFPA support of infrastructure posts in the agencies in the United Nations system, one member expressed concern lest the Fund take over support for posts which should properly be included in the agencies' regular budgets. Another member said that due to the very differentiated approach of member Governments towards demographic activities, the governing bodies of these agencies had hesitated in funding such posts.

168. One member said that the Fund should report only once a year on the approval of projects in amounts less than \$100,000.

169. With regard to the Fund's draft Financial Regulations and Rules, many members commended the Fund for having taken account of the comments of ACABQ and the Secretary-General, and several proposed the approval of the draft Financial Regulations and Rules in their existing form. Several members asked about the Fund's current practice of accepting earmarked contributions in the light of the language in proposed regulation 6.5. Others expressed support for the Fund's current practice of accepting contributions earmarked for the International Planned Parenthood Federation. Several members supported the request of the ACABQ that the Council be informed of grading and required qualifications of UNFPA Co-ordinators.

170. Several members asked why regulations 7.1 and 7.2 made no mention of counterpart contributions in cash by recipient Governments and some asked whether there should be a requirement to finance UNFPA field offices through the payment of local currency costs by recipient Governments.

171. In reviewing the ACABQ comment with regard to draft rule 111.3 regarding the payment to agencies of overhead expenses, several members expressed concern that the prerogatives of the Council might be infringed and preferred the language of the corresponding UNDP rule. One member suggested the existing UNFPA language with the addition of the phrase "in quantified terms" following the word "policy", and several others supported this proposal. A few members suggested that the Council defer its consideration of this rule until after the Consultative Committee on Administrative Questions had completed its cost measurement study. Another member suggested that the draft rule be accepted in its present form and be revised later if necessary.

172. One member asked whether there was a requirement for the submission in every instance of supplementary estimates to the ACABQ in the light of the proposed language of rule 111.8.

Observations of the UNFPA Administration in the Committee

173. In response to the questions raised in the discussion, the Executive Director stated that adequate documentation on projects approved in 1973 under delegated authority would be submitted at the June session, when a revised Work Plan and an annual report would be presented. Comprehensive documentation could not be submitted to the seventeenth session, in view of the fact that the approved projects covered only the period after the Council had requested this procedure, namely, 1 July 1973 to the end of September 1973, the deadline for UNDP document processing. Totals of projects approved in 1973 by geographical and functional areas and by agencies would be made available now, and in a more comprehensive form in June 1974. As to the IPPF project which had a value exceeding \$1 million, he explained that this was a project request received before the 1 July cut-off point agreed with the Budgetary and Finance Committee in June. All such project requests received after that date were being submitted to the Council for approval.

174. With respect to the concern expressed by one member that UNFPA staff costs might become excessive, the Executive Director pointed out that in 1973 UNFPA administrative costs had amounted to 4.54 per cent of the UNFPA budget while, if the costs of UNFPA Co-ordinators were added, this percentage would still only be 6.08 per cent. He indicated that a professional staff of only 46 members at UNFPA headquarters was administering a programme of \$50 million a year.

175. The Executive Director stated that he would report on the status of fund-raising for 1974 at the June session. He was confident a target of about \$54 million could be reached. He remarked that the World Population Conference would obviously not deal with the question of fund-raising for UNFPA but would make decisions related to the future scope and direction of population activities.

176. The Deputy Executive Director thanked members for the useful comments made on the project documents. He said that UNFPA was concerned with the problem of criteria for project financing and would prepare a paper on this matter in due course. He pointed out that financing by UNFPA of population activities of qualified non-governmental organizations in some instances was a unique feature in the United Nations system and that this had been the wish of UNFPA's defunct advisory bodies. Furthermore, under the Economic and Social Council decision that UNFPA should choose the most appropriate implementing agents, it was felt that the Fund could still use the non-governmental organizations in selected cases.

177. The Deputy Executive Director stated that UNFPA had, in the past, turned down a number of requests and had in some other cases dissuaded requestors from submitting requests it felt were not feasible.

178. The Deputy Executive Director then clarified some questions raised in connexion with document DP/23. With regard to DP/25, he noted that the reference to the Planned Parenthood Federation of Korea as the implementing agency for project DP/25/Add.1 was incorrect and it was expected that several executing agencies, including the World Health Organization (WHO), would be involved. As to the Romanian project (DP/25/Add.5), he said that no definite long-term commitment had yet been made; the curricula would be elaborated in 1974; the principle that emphasis would be on population and development had been accepted by the Government. The international aspects of the project would be strengthened.

179. The Assistant Director stated the Fund had a secretary-to-professional ratio of 34 to 46 and not of one to one and that the Council would have a chance to review the Fund's over-all staffing pattern in connexion with its 1975 budget request.

180. Regarding the Financial Regulations and Rules, the Assistant Director stated that for regulation 6.5 the Secretary-General had preferred UNDP language to that originally suggested by the Fund, and UNFPA had accepted that suggestion. At the same time the Fund wished to draw to the Council's attention the fact that its current practice included the acceptance of a few contributions earmarked for the IPPF and one for the WHO Expanded Research Programme.

181. As regards UNFPA regulations 7.1 and 7.2, the Assistant Director said that, in accordance with the meaning of these terms as used within the United Nations system, "government counterpart contributions in cash" referred to contributions applied to the resources of the Agency and allocated by the Agency while "government counterpart contributions in kind" represented any contributions whether in cash or services which were expended directly by the recipient Government. He said that in most UNFPA projects Governments did indeed make substantial cash contributions to the project and these were reflected in project documents. Moreover, many UNFPA projects were themselves a part of broader Government programmes wholly financed by the recipient Government. To insist that this Government financing be brought under the UNFPA's accounting system and control would be contrary to the spirit of last May's resolution of the Economic and Social Council which directed the Fund to

recognize that the responsibility for implementation of projects ultimately rested with the Governments themselves. With regard to recipient Government support of local offices, the Assistant Director said that UNFPA did not have, and did not intend to establish, a network of local offices of its own. The Field Co-ordinators were members of the staff of the resident representative and worked under his direction.

182. Responding to questions concerning payment of overhead expenses and infrastructure costs, the Assistant Director pointed out that the Fund was currently paying overhead expenses to only one agency. It supported the work agencies were doing on its behalf primarily through the financing of certain infrastructure posts. The Fund believed that this arrangement had proved helpful to the agencies and had been distinctly less expensive than would have been the case had a flat 13 per cent overhead been used. The amendment of rule 111.3 to add the words "in quantified terms" after the word "policy" was agreeable to UNFPA, provided that the language of the rule allowed UNFPA sufficient flexibility to support agency overhead costs in more than one way and to avoid the imposition of higher administrative costs than UNFPA was currently paying.

183. In order to clarify rule 111.8 with regard to the submission of supplementary estimates to the ACABQ for examination and comment, UNFPA suggested that the word "may" as it appeared in the rule be changed to "shall".

Consideration by the Governing Council

184. Introducing the item in the Governing Council, the Executive Director recalled his remarks before the Budgetary and Finance Committee concerning the relationship between UNFPA and other agencies, in particular UNDP. The Fund's close relationship with UNDP and its Governing Council was logical and advantageous to all concerned because of the need for population programmes to be closely related to other types of economic and social programmes.

185. While administrative arrangements with UNDP were satisfactory, the Council, he felt, should now address itself to the relationship between programming for population and for economic and social development. Certain theoretical aspects, as well as many practical steps in programming, should be clarified so that population programmes could serve as an integral part of broad economic and social programmes. He hoped that the World Population Conference would clarify some of these issues and that subsequent sessions of the Council would consider the implications. The Executive Director said that the World Population Year information material which had been made available to members contained certain of his statements setting forth the managerial philosophy with which the Fund was directed; he asked members to give UNFPA their comments on them, as well as further direction and guidance.

186. The Executive Director said that UNFPA had been precisely on target in its 1973 fund-raising and that the figure of \$42 million had been reached, as forecast last June. Prospects were good for the target of \$54 million in 1974. The implementation ratio had also been generally on target, although it might be a fraction under the expected 60 per cent.

187. The Executive Director stated that the volume of requests and projects under implementation in UNFPA was rising and that demand for resources was outrunning

their supply. This made the need for more detailed forward planning increasingly urgent; the need for policy guidance was rising; and the task of ensuring implementation was becoming increasingly complex. Criteria for project approval needed to be elaborated further. He said he would report to the eighteenth session on the results of UNFPA's efforts in these matters.

Summary of discussion

188. Members of the Council expressed general satisfaction with the performance of the Fund under the new institutional arrangements.

189. A number of members expressed continued support for UNFPA and several announced their Governments' increased contributions to the Fund for 1974. One member declared that his delegation was satisfied with the acknowledgement by UNFPA of the responsibility of the Economic and Social Council for normative guidance to UNFPA, and several members welcomed the fact that UNFPA abided by the principles enunciated in various United Nations decisions, especially the need for close connexion between assistance for population programmes and assistance for economic and social development in general, its neutrality on population policy and the recognition of the sovereignty of States regarding the choice of the best population policy to adopt. Expanded activities by the Fund, especially in Latin America, were welcomed by several members.

190. The need for elaboration of priorities and criteria for project approval by UNFPA was stressed by several members, especially since demand was beginning to exceed resources. One member felt that policy considerations, as opposed to technical criteria, were not properly the concern of the Governing Council but rather of the Economic and Social Council, although both considerations were interdependent. A promise by the Executive Director to report to the eighteenth session on this subject was generally welcomed.

191. Several members stressed their conviction that the Fund's resources ought to be used on behalf of the developing countries only and not of any developed country.

192. The need for continued flexibility of the Fund was emphasized by a number of members and, in this connexion, the decision to accept agencies in recipient countries as executing agencies, as recommended by the Economic and Social Council, was generally welcomed. One member noted that UNFPA was the fastest growing development organization in the United Nations system, while some other members stressed the need for close co-operation with other agencies of the United Nations system.

193. The new institutional arrangements for UNFPA were endorsed by a number of members and several members called for close co-ordination between UNFPA and UNDP. One member felt that this should also apply to UNFPA Co-ordinators in the field, who should co-operate closely with UNDP resident representatives. Another felt that there was no need for such Co-ordinators whenever the resident representative could handle population work. One member felt that the Executive Director should be given sufficient leeway for decision-making. He expressed approval of UNFPA's managerial philosophy but said that at a future date the Council should take a closer look at UNFPA's administrative policies, while maintaining its flexibility. Another member urged that UNFPA maintain its separate identity. Appreciation was expressed by several members regarding the openness UNFPA was showing toward member States about its activities.

194. One member noted the Executive Director's statement regarding an expected 60 per cent implementation ratio in UNFPA and stated that this should be further improved by strengthening the machinery at headquarters and devoting more attention to the problems of implementation of projects. One member urged closer attention to the problem of evaluation.

195. Apprehension over the disparity between demand and resources was expressed by several members and it was generally agreed that a regularization of the pledging process for UNFPA was desirable. Many members expressed the hope that the Executive Director would submit to the eighteenth session his suggestions for the regularization of fund-raising. Some members opposed the idea of a separate pledging conference for UNFPA and one member supported it. Several members felt that the results of the World Population Conference should be awaited before a decision was made, while one member felt there was no need to wait for that Conference. The idea of regional pledging conferences was opposed by several members. Several members supported the idea of an annual pledging conference and appreciated the need for UNFPA to know what contributions it could expect. One member said that the pledging conferences should be seriatim with those for UNDP but remarked that perhaps the Council would be the proper place in view of the pledges made during the current session in plenary.

196. Regarding UNFPA's intention to seek outside technical advice, the suggestion to convene ad hoc technical groups for this purpose was generally supported; several members stressed that such groups should not infringe on the competence of the Economic and Social Council and the Governing Council in this area, and should therefore be purely technical. Two members felt that the Executive Director was free to solicit any technical advice he deemed necessary and that he was free to accept or reject such advice; there was no need for him to request the Council's approval for setting up such groups. One member expressed reservations over the composition of such groups if private, non-United Nations, organizations were to be represented.

197. The Council generally expressed approval for the projects submitted by the Executive Director (DP/25/Add.1-6), but two members expressed political reservations regarding the country agreement with the Republic of Korea and opposition to the support CELADE was receiving from what they described as obviously imperialist agencies, as well as to the use of universities in Chile for the project. The census project in Upper Volta, which, one member stressed, should be a component of a comprehensive African census programme, was generally welcomed. Some members urged that the project in Romania be used for the training of experts from developing countries. One member expressed the hope that a country agreement with India would be signed by UNFPA shortly. The conviction was expressed by several members that the activities during the World Population Year would give new impetus to requests for population assistance.

198. One member stated that UNFPA should support only specific projects of the IPPF and that it should not give infrastructure support to the executing agencies, except for a carefully limited number of posts; and that since population activities should be accepted as normal in these agencies, support for necessary staff should also be provided for in the agencies' regular budgets. One member expressed reservations concerning paragraph (e) of the decision recommended by the Budgetary and Finance Committee (see paragraph 202).

199. Several members commented on the way the item on UNFPA was considered in the Council at the current session. They felt that the Budgetary and Finance Committee should normally consider only those aspects which were in its purview, and that projects, as well as general policy issues, should have been discussed in plenary. It was agreed that at the eighteenth session a debate on this subject would first be held in the Council.

200. One member expressed the wish that the Fund would continue to report on the approval of small projects; another expressed the hope that the Fund would increase its attention to evaluation.

Observations of the Executive Director

201. The Executive Director of UNFPA thanked the Council for the support it had expressed for UNFPA and said he was especially gratified with the pledges made during the debate; they had brought total pledges for 1974 to \$42 million, only \$12 million short of the target.

Decision of the Governing Council

202. At its 415th meeting, the Governing Council adopted the following decision, recommended to it by the Budgetary and Finance Committee in its report (DP/L.294/Add.4), subject to the observations expressed in the Committee:

The Governing Council

(a) Approves the following country agreement and projects in the following amounts:

- (i) Comprehensive Country Agreement with the Republic of Korea (DP/25/Add.1) in the amount of \$6 million for a period estimated as from three to five years;
- (ii) Maternal and Child Health Programme in Colombia (DP/25/Add.2) in the amount of \$1 million for 1974, authorizing the Executive Director to negotiate with the Government of Colombia the remaining portion of the project for an additional period of three years, the remainder to be resubmitted to the Governing Council for approval;
- (iii) Population Census in Upper Volta (DP/25/Add.3) in the amount of \$1,032,900 over a period estimated as four years;
- (iv) Latin American Demographic Centre (DP/25/Add.4) in the amount of \$1,166,600 over a period estimated as one year;
- (v) Consolidation of the National Family Planning and Sex Education Programme in Costa Rica (DP/25/Add.6) in the amount of \$2.1 million over a period estimated as four years;
- (vi) Demographic Training and Research Centre in Romania (DP/25/Add.5) in the amount of \$200,000 estimated for the first year of the project;

(b) Approves the Fund's supplementary 1974 budget request (DP/33) in the amount of \$72,100 (net);

(c) Approves and authorizes the continuation of the acceptance by UNFPA of the limited number of governmental contributions it is currently receiving limited by their donors to certain specific purposes;

(d) Authorizes UNFPA to report on the approval of projects in amounts less than \$100,000 once a year in connexion with its annual report submitted to the June session;

(e) Authorizes the Executive Director to continue the Fund's current practice of accepting contributions intended for the International Planned Parenthood Federation;

(f) Approves the Fund's Financial Regulations and Rules (DP/36) as of 1 January 1974 with the amendments:

(i) Of Rule 111.3 to include the words "in quantified terms" after the word "policy";

(ii) Of Rule 111.8 by replacement with the equivalent UNDP Rule except for the reference to the June session;

(iii) Of Regulation 6.5 to add the words "except as heretofore authorized" at the beginning of the regulation;

(g) Takes note of the Executive Director's note (DP/20).

CHAPTER VI

SPECIAL MEASURES FOR THE LEAST DEVELOPED COUNTRIES

203. Under agenda item 6, the Governing Council considered the report by the Administrator contained in document DP/21. In introducing the report, the Deputy Administrator (Programme) stated that whereas the annex to the report indicated that by the end of September 1973 requests for assistance totalling approximately \$17 million had been received, by the end of December 1973 the figure had increased to \$23 million, of which assistance totalling \$8 million had been approved. He expressed the satisfaction of the Administration with the prompt response of the Governments of the least developed countries in putting forward proposals and stated that there should be no difficulty in approving projects for the total of \$35 million.

204. He drew the Council's attention to part IV of the report, which gave an account of the steps taken by the Administration to strengthen resident representatives' offices in the least developed countries and to the part containing an analysis of the proposals so far received and of projects included in the approved country programmes of the least developed countries.

205. As regards the special nature of the projects financed out of the additional resources, he stated that the main concern of UNDP was to respond to the requests of the least developed countries, and that it was difficult to reconcile this approach with the notion of the projects being a catalyst to produce something special. Nevertheless, some of the new projects did demonstrate an imaginative approach for dealing with the special problems of individual least developed countries.

206. Finally, the Deputy Administrator suggested that future reporting on the subject might appropriately be done as a part of the Administrator's annual report to the Governing Council on the activities of the Programme.

207. The Assistant Administrators and Directors of the Regional Bureaux for Africa and for Asia and the Far East gave a detailed account of the progress made and the approaches adopted in the programming and implementation of special measures for the least developed countries of their respective regions. The Assistant Administrator and Director of the Regional Bureau for Africa explained the procedures adopted and the principles which governed the organization of round-table discussions in order to identify the development problems and assistance needs of Lesotho and Rwanda. He stated that, on the basis of the experience gained, the round-table approach was of particular value when the Government had not adopted its development plan. For countries which had launched their development plans, the approach adopted by the Administration had been to send high-level interdisciplinary missions to consider problems in key development sectors and propose measures which could assist in the realization of plan objectives. He further stated that the experience so far indicated that, for the majority of the least developed countries, the limitation of resources was at least as important as other limitations. UNDP was, therefore, considering the approach of organizing "donor clubs" as a means of mobilizing resources and ensuring their most effective utilization. Some Governments of the least developed countries in Africa had been

approached and their response was favourable. The intention of the Administration was to organize one "donor club" to begin with and, if it proved successful, to extend this approach to other countries willing to participate.

Summary of discussion

208. Members of the Governing Council generally welcomed the Administrator's report as succinct, informative and well-balanced. They considered the progress made so far both impressive and encouraging. They commended the Administration for the flexible and pragmatic approach adopted in the appraisal and approval of projects submitted by Governments. Some members stressed that greater flexibility should be applied in the selection of projects for approval; every project submitted should be considered on a priority basis.

209. Some members underlined that the activities undertaken by UNDP represented the principal effort in this field and the only concrete and effective assistance to the least developed countries. One member stated that the consideration of the Administrator's report by the Governing Council was the first opportunity in any intergovernmental body to consider progress made in the implementation of resolution 62 (III) of the United Nations Conference on Trade and Development. He also drew the attention of the Council to the forthcoming comprehensive evaluation of special measures for the least developed countries to be undertaken by the Economic and Social Council and the General Assembly in the course of 1974.

210. Members of the Council expressed particular satisfaction with the analytical part of the report. There was general agreement on the five main constraints to the development of the least developed countries, brought out in paragraph 23 of the report. Some members stated that the experience of their bilateral programmes had also led to the same conclusions regarding the main constraints.

211. Several members singled out one or more of the individual constraints and made specific suggestions of their own. Some members suggested that the problem of the inadequacy of administrative and planning infrastructure could be dealt with most effectively through training, mainly in the form of seminars, workshops and specially organized courses. As regards the problem of the subsistence agricultural system, the same members stressed the importance of adopting an over-all approach to agricultural development, which should include modernization of land ownership, training of agricultural cadres, and the organization of model agricultural co-operatives. These members also emphasized the importance of undertaking directly productive activities both in the agricultural and industrial sector and, in this connexion, favoured the establishment of small industries and pilot projects. Another member stated that, instead of traditional pre-investment projects, which generally had delayed impact on the economy, special measures projects should be closer to the actual production process.

212. Several members regarded the UNDP programme support projects as being of considerable importance to the least developed countries.

213. Many members noted that the programme so far approved contained only two regional projects. They emphasized the unique role that such projects could play in dealing with problems common to a number of least developed countries and expressed the hope that, in spite of the difficulties mentioned in the Administrator's report, it would be possible to formulate and implement many more

subregional, regional, and interregional projects. Some members stressed, in particular, the importance of intercountry projects in the field of education and infrastructure development.

214. One member stated that in view of the severe drought condition prevailing in his country and the various measures adopted by his Government to deal with the problem, the regional project for assistance to Sudano-Sahelian drought-stricken least developed countries should be extended to his country also. One member suggested that the importance of regional, subregional and interregional projects for meeting some of the needs of the least developed countries should be taken into account in the establishment of the new levels of regional and interregional IPFs.

215. Members of the Council expressed general satisfaction with the co-ordination achieved with the executing agencies and other sources of assistance in the programming and implementation of the special measures plan. Some members stated that, in view of the importance of co-ordination as a means for ensuring both effective use of available resources and the mobilization of additional resources, co-ordination efforts should be intensified and UNDP should assume leadership in this field. One member stressed the importance of the utilization of the United Nations Volunteers as inputs for special measures projects. Some members gave information on their bilateral assistance programmes in least developed countries. One member requested the Administration to provide information on its intention to organize more interdisciplinary high-level missions and round-table discussions.

216. Some members raised the question as to whether, on the basis of the experience so far gained, it was possible for UNDP to indicate the manner in which the problems of the least developed countries were different from those of other developing countries and whether it was possible to distinguish the projects under the special measures plan from those included in the country programmes of the least developed countries. However, there was general agreement that it was neither possible nor necessary to make such a distinction. The constraints identified in paragraph 23 of the Administrator's report epitomized underdevelopment everywhere, the main difference being that they were more evident and in more aggravated form in the least developed countries. By the same token, there could be no exclusive list of special measures projects distinguished from projects included in the country programmes of these countries; the new projects as well as those included in the country programmes were equally important for meeting the vital needs of the countries concerned.

217. Some members recalled the earlier decision that the United Nations Capital Development Fund (UNCDF) was to be used first and foremost for the least developed countries and expressed the hope that the Fund, revitalized and reoriented in accordance with General Assembly resolution 3122 (XXVIII), would go a long way towards supplementing the activities under the special measures plan. One member stated that such important needs of the least developed countries as making available local resources, launching integrated rural development programmes, and pilot projects, could be taken into account in the new orientation to be given to the UNCDF. Some members singled out specific projects in which the resources of the Fund were used to supplement the additional resources for special measures and expressed the hope that it would be possible to formulate and implement more projects of this nature.

218. The steps taken by the Administration to strengthen resident representatives' offices in least developed countries were generally appreciated. One member stated

that in improving the administrative and management capacities in the field, it was necessary not only to assign additional and competent staff members but also to ensure that the staff members assigned to these countries had the proper attitude, motivation and sense of sympathy so essential for working in these countries.

219. Several members stressed the importance of the evaluation of special measures projects to assess their impact on the development problems of the countries concerned and to indicate the right approaches for dealing with such problems.

220. One member suggested that the discussion in the Council provided a good opportunity for other organizations in the United Nations system to report on their experience in the implementation of special measures for the least developed countries. The representative of the International Bank for Reconstruction and Development made a statement giving an account of the assistance given by the Bank group to these countries.

221. The conclusions in paragraphs 41 and 42 of the Administrator's report were generally endorsed. Some members considered that the number of project proposals under consideration would exert considerable pressure on the resources that were readily available and that, in order to maintain the momentum that had been generated, Governments should maintain their special pledges and make additional pledges of this kind. In this connexion, some members recalled their special pledges and expressed the intention of their Governments to continue to make such pledges for 1975 and 1976.

222. Some members wanted to know the total amount of resources so far pledged specifically for the adoption of special measures for the least developed countries. One member recalled that, at an earlier session, the Governing Council had considered a proposal for making available an amount of \$45 million as additional resources for the benefit of the least developed countries. This proposal was not pressed because of the difficult financial situation of UNDP at that time. He suggested that, in view of the encouraging results of the last UNDP Pledging Conference and considering the number of projects still pending consideration and approval, the level of additional resources should be raised to \$45 million.

223. There was also general agreement with the conclusion that the special measures plan was an interim arrangement in order to ensure that time was not lost in coping with at least some of the special development problems of the least developed countries and that, from 1977 onwards, the special requirements of these countries would be taken into account in the revised IPF structure and the country programmes based on the new IPFs. In this connexion, most members stressed the importance of integrating the activities under the special measures programme with those under the respective country programmes in order to facilitate smooth transition to the next programming period. There was general agreement with the proposal by the Deputy Administrator to include in the annual report of the Administrator a chapter on the measures taken to assist the least developed countries in conjunction with the actions undertaken within their IPFs. One member suggested that priority attention should be given to the formulation of the country programmes of the least developed countries based on the new IPFs.

224. It was generally agreed that whereas quantitatively the special requirements of the least developed countries would be taken into account in the revised IPF structure, special efforts to improve the quality of the programmes in these countries, particularly by the effective use of the UNDP machinery, should continue to be made.

225. One member cited detailed facts and figures to assert the right of his country to be included in the group of the least developed countries and thus be entitled to assistance under the special measures plan.

Observations of the Administration

226. The Deputy Administrator (Programme) welcomed the presence of the Minister of Planning of the Central African Republic at the Council's session and thanked him for having announced an increase in his Government's contribution to UNDP. He sympathized with the case made by the representative of the Central African Republic to have his country included in the list of least developed countries, but stated that decision on this matter belonged to other bodies and organizations in the United Nations system, mainly the Committee for Development Planning, the Economic and Social Council, and the General Assembly. Once the necessary decision was taken by these bodies, UNDP would be glad to review the IPF for the Central African Republic and also to grant assistance from the additional resources for least developed countries.

227. He agreed with the view expressed by many members that the problems of the least developed countries were special in both the quantitative and qualitative sense. However, the Administration was unable to share the view that the special measures resources should be used to finance activities which were quite different from those carried out under the IPF allocation. Moreover, it was for the least developed countries themselves to decide how the additional resources available to them should be utilized, and the Administration could not go beyond the wishes of these countries. He added that it would be a mistake to regard the least developed countries as forming a homogeneous group having common problems. While some common problems did exist, essentially the special problems of each individual country were peculiar. The real task lay in paying individual attention to the specific problems of each country and applying relevant rules with adequate flexibility. Flexibility was required not only in the case of the least developed countries, but in fact for any development programme. In the case of the least developed countries, however, flexibility should be applied even more consciously.

228. He noted that the Administration was in touch with the agencies for undertaking, in suitable cases, an evaluation of special measures projects. However, considering that UNDP resources constituted only a small part of the over-all resources for the development of a country, such an evaluation could not possibly assess the impact of UNDP's assistance on the country's development; it could only determine how UNDP resources were spent and what lessons could be drawn from the experience.

229. UNDP would accept a leadership role only if the country concerned so desired. For the next cycle of country programmes of the least developed countries, the Administration would try, in collaboration with the Governments, to map out all the technical assistance requirements of the countries concerned. Once that was done, the question of co-ordination would be seen in proper perspective. In this connexion, he also pointed out that, commensurate with the total size of the Programme, UNDP did too little by way of intellectual or analytical work, a situation which should receive serious consideration by the Council. He agreed with the view expressed by one member that, in preparing the programme for the next cycle, the Administration should give priority to the least developed countries.

230. As regards the over-all resources available for special measures, he informed the Council that \$15 million had been set aside from the Programme Reserve and other internal sources, and the special pledges so far made amounted to some \$16 million. Thus, \$31 million was already available, and this fell short of the planning level authorized by the Council by only \$4 million. If more special pledges were made for 1975 and 1976, and if this resulted in the total resources exceeding the planning level of \$35 million, the Administration would not wish to suggest any reduction in the resources set aside from the Programme Reserve; it would be for the Governing Council, at a later stage, to consider the question of increasing the planning level it had established.

231. He further stated that the Administration would be in a better position after the amount of \$35 million was fully committed to present an analysis of the relationship between activities undertaken as part of the special measures plan and those under the country programmes of the least developed countries. He confirmed that the Administration was considering proposals for sending more high-level interdisciplinary missions and organizing more round-table discussions. The Administration also intended to put forward some proposals concerning UNCDF at the June session.

232. Referring to the point made by several members that the number of project proposals submitted by the least developed countries demonstrated the absorptive capacity of these countries for such assistance, he observed that absorptive capacity was a function not only of the total volume of assistance but also of the terms and conditions under which it was made available. It was therefore not surprising to find that the project requests demonstrated absorptive capacity for UNDP types of assistance.

Decision of the Governing Council

233. At its 408th meeting, the Governing Council took note of the report by the Administrator (DP/21).

CHAPTER VII

SECTORAL SUPPORT AND ADVICE FOR RESIDENT REPRESENTATIVES

234. Under item 8 of its agenda, the Governing Council had before it a report by the Administrator (DP/19) on the results of his discussions with the various organizations in the United Nations system concerning sectoral advice and support for resident representatives. The report treated this question within the broad framework of collaboration between UNDP and its partner organizations to improve the assistance provided by them.

235. In introducing the report, the Deputy Administrator (Programme) informed the Council of the useful and fruitful discussions held between UNDP and FAO and UNIDO in which an understanding had been reached to continue, without formal agreement, the present arrangements for senior agricultural and industrial field advisers. Following this basic understanding, a review exercise had been carried out with each agency on the day-to-day problems arising at the operational level, and it was expected that this exercise would be repeated periodically. He indicated that, in response to General Assembly resolution 2975 (XXVII), these consultations had been broadened to include the many possibilities for improved collaboration between UNDP and the participating organizations in the programming and implementation of UNDP assistance.

Summary of discussion

236. Members of the Council commended the Administrator for his clear and objective analysis of the lines of collaboration between UNDP and its partner organizations and for the efforts undertaken by him to improve this co-operation at all stages of the programming cycle.

237. In examining the issue of sectoral support within the broader perspective of the over-all relationship between UNDP and the participating agencies, the discussion in the Council covered a wide range of matters, touching upon virtually every aspect of the programming and implementation process. In the course of these discussions, there was general agreement on the following main points.

238. First, it was fully recognized that continuous and systematic consultations between UNDP and the agencies should take place at both the field and headquarters level. To this end, particular importance was attached by members to regular and reciprocal visits between senior headquarters staff, to more frequent mutual representation at important conferences, meetings and seminars, and especially to the more active participation by both parties in meetings of the respective governing or policy-making bodies. On the latter point, agency representatives were urged to show more readiness to participate in the debates of the Governing Council so that the Council could benefit from their views and experiences.

239. Secondly, there should be better utilization of the agencies as reservoirs of technical expertise in all phases of the development cycle. In support of this, members viewed favourably the intention of the Administrator to seek ways to make better use of the work done by the agencies in research, analysis and strategy development to improve UNDP's proficiency in planning and policy making. It was, however, pointed out in this regard that the agencies sometimes expressed resentment over the fact that their assistance was often restricted to only one phase of the programming cycle.

240. Thirdly, members of the Council supported the conclusions of the Administrator that requirements for sectoral support and advice to resident representatives should be examined in terms of the particular needs of each recipient country at each phase of the development cycle; and that at the present time, a more flexible approach by UNDP designed to tailor sectoral support to the needs of individual countries, and better management of existing arrangements might be more productive than the introduction of a uniform pattern of arrangements.

241. Much of the discussion on this point centred on the appointment of advisers in sectoral fields to the staffs of the resident representatives. In endorsing the proposed improvement and continuous review of the existing arrangements between UNDP and FAO and UNIDO concerning senior agricultural and industrial field advisers, members shared the view that the presence of resident advisers in these two sectors was fully justified, in view of the fact that agricultural and industrial projects absorbed the largest share of the resources committed for approved country programmes. In the opinion of one member, the more positive role that the industrial sector had assumed in the development process in many recipient countries warranted the assignment of additional numbers of industrial field advisers in selected developing countries. This view was reinforced by another member who expressed the hope that the continuing consultations between UNDP and UNIDO would not result in freezing the number of industrial field advisers at their current level, and that UNIDO would be enabled to function effectively in the industrial sector with the necessary support from UNDP. Subsequently, several members expressed disappointment that UNIDO had not presented its views on this matter in the course of the discussion.

242. Owing to the rising cost of resident advisers, however, it was stressed that the usefulness of the services provided by each of the advisers currently on duty should be rigorously evaluated. In addition, there was general agreement that UNDP should play a larger role in the selection of well qualified field advisers in close collaboration with the agency and the Government concerned, and bearing in mind the rapidly changing needs and circumstances of each country. Similarly, it was essential that such advisers be selected on the basis of criteria which would take full account of the technical and managerial roles involved. In this connexion, one member drew attention to the expressions of dissatisfaction voiced at the recent FAO Conference about the manner in which the agreement between UNDP and FAO was being implemented in practice. He reported that in some instances a feeling existed that the resident representatives had impinged on the technical domain of the FAO country representatives, had inhibited the latter's working relationship with the respective Government ministries concerned, and had otherwise

interfered with their full and active participation in the implementation of agricultural projects. To prevent similar misunderstandings in the future, the same member suggested that it might be helpful if comparatively junior resident representatives did not have assigned to their staffs officials from the agencies who were of very senior rank. By the same token, it was recognized that the agencies should give their representatives and project staff all necessary directives to co-operate with the resident representative.

243. There was general agreement that arrangements similar to those existing with FAO and UNIDO need not be extended for the time being to other sectoral fields. However, it was pointed out by one member that this was somewhat discriminatory to the smaller agencies, since they would have to pay for officials seconded to the field out of their own resources. It was suggested that the Administrator should take into account the financial factor when appraising future requests which might be submitted by smaller agencies. The hope was also expressed by some members that special arrangements might in the future be extended to other sectors as their share in UNDP operations increased.

244. Turning to the question of the kinds of arrangements for sectoral advice and support to be provided in cases where participating agencies did not have permanent presence in the country, the Council viewed favourably several practical alternatives. Chief among them were the greater use of experts and project managers already in the country who possessed a thorough knowledge of local needs and conditions and of the services of regional advisers and experts; the strengthening of regional or subregional offices or units; and the more frequent and selective briefing of resident representatives and other UNDP field programming staff at agency headquarters or regional offices. Regarding the proposal that general economists with expertise in development planning be appointed directly to the staff of the resident representatives, it was considered preferable that they be integrated into the planning units of Governments and charged against the IPFs. Another suggestion put forward was that whatever form sectoral support might take, UNDP should participate actively in the recruitment, appointment and training of agency personnel who would be working under the leadership of the resident representative.

245. There was a divergence of views concerning the use of ad hoc missions as a means of facilitating the provision of sectoral advice. In the judgement of some members, the selective use of short-term missions from the headquarters or regional bureaux of the agencies was an economical and flexible channel of sectoral support and advice to resident representatives. In this regard, however, several qualifications were underlined: the terms of reference of missions should be clearly defined by joint agreement; the technical, administrative and financial support channeled through ad hoc missions should not lose sight of their functional justifications, namely, support to field operations, and become ends in themselves; and the administrative procedures must not undermine the concept of country programming by preventing the resident representative from fulfilling his role as manager of the country programme at the field level.

246. On the other hand, doubts were expressed by several members regarding the usefulness of ad hoc missions, hurriedly assembled and dispatched to recipient countries to report on complex problems in a short period of time. They believed ad hoc missions were not a reasonable alternative to the presence of resident advisers and should only be mounted when absolutely necessary. It was argued that

since consultations between the resident representatives and Governments were of a continuous nature, particularly regarding certain key sectors, a more permanent form of advice was desirable. Nonetheless, satisfaction was expressed by some members at the steps UNDP was taking to improve the planning and preparation of missions.

247. Attention was also drawn to the financial aspects of sectoral support to resident representatives. Several members commented that agency expenditures which could be directly attributed to the technical support requirements of UNDP-assisted projects and programmes should be financed by the Programme. On the other hand, costs for activities at agency headquarters should be borne by the regular budgets of those organizations. Ultimately, it was felt, an overhead reimbursement formula closely linked to project administrative costs should be worked out.

248. A second focus of attention concerned the steps taken by the agencies to implement the recommendations of General Assembly resolution 2975 (XXVII) on ways and means to strengthen their executing capacity. Members of the Council warmly welcomed the action taken by the agencies in this direction, particularly the efforts made to introduce or improve the country or regional programming approach through internal restructuring. In reporting orally on this matter to the Council, representatives of the agencies referred to a variety of measures being undertaken, some of which included: the establishment of central operational units or departments with full responsibility for the technical assistance activities assigned to them under UNDP country programmes; the establishment of separate budgets for UNDP-financed activities; the progressive decentralization of agency activities, including the creation of regional offices, the increasing delegation of authority to regional representatives for technical assistance projects, and the reinforcement of existing regional offices with specialist technical assistance staff; participation by the agencies in the country programming exercise, particularly in the preparation of country briefs; the establishment of separate units or departments to handle project backstopping; measures taken by their governing bodies to improve project implementation; project reviews conducted by the agencies; and efforts to strengthen liaison and co-ordination with UNDP.

249. Other matters considered included the subject of project implementation. One member expressed the view that, whenever possible, responsibility for project execution should be left to Governments, which more often than not had the right kind of project personnel to fill the posts now held by foreign expertise. One member suggested that more expeditious project implementation might be achieved if some of the sectoral expertise provided at UNDP headquarters were dispensed with, since such personnel must to some extent second-guess the conclusions of governmental authorities and field staff. Another member thought that UNDP should encourage a spirit of healthy competition between the agencies by, for example, pointing out projects which were timely and economical and those which were behind schedule. Lastly, it was strongly urged that inspection, monitoring and evaluation of projects should be intensified by UNDP and the agencies, in collaboration with the Governments concerned. In this connexion, the hope was expressed that the Administrator would include in his forthcoming annual report a detailed review of the steps envisaged by both UNDP and the agencies to strengthen the delivery capacity of the system, including the use of consultants and outside institutions.

250. Finally, the Council endorsed the proposal by the Administrator that further reports on the subject of sectoral support should be included in the annual report to the Governing Council on the activities of the Programme. In this connexion, the Administrator was requested to include in his report the results of the next meeting of the Inter-Agency Consultative Board (IACB), in accordance with a previous decision of the Council.

Observations of the Administration

251. The Deputy Administrator (Programme), responding to points raised during the discussion, made the following remarks:

(a) Following consultations between UNDP and FAO and UNIDO in October and December of 1973, it had been agreed that any increase or decrease in the number of advisers would be made gradually, and after consultations with all concerned. In view of the current budgetary constraints, UNDP was unable to finance more than the 30 industrial advisers currently serving in the field.

(b) The main problem with regard to the extension of field advisers to other sectors was one of financing: while the FAO and UNIDO advisers were charged to the administrative budget, any provision of advisers in other sectoral fields would most likely have to be charged against the country IPF.

(c) Regarding the measures taken to strengthen co-ordination in the appointment and evaluation of special advisers, arrangements had been made for personnel specialists from UNDP and the executing agencies to meet periodically for the purpose of discussing proposed appointments and transfers and reviewing the files of those advisers already in service.

(d) Recent experience with transfers of specialized staff from the agencies to UNDP and vice versa had been extremely encouraging, and it was to each other that they should look first to satisfy most staffing requirements.

(e) On the subject of project execution by recipient Governments, in many cases the appointment of project managers who were nationals of the recipient Governments concerned fulfilled that purpose. Going beyond this would be a radical change in existing practice and would require a thorough discussion by the Council.

(f) Regarding the over-concentration of sectoral expertise at UNDP headquarters, he noted that there were only 10 to 12 staff members who might be regarded as technical experts and less than 6 who were qualified programme analysts, which was hardly excessive staffing for a Programme disbursing some \$300 million annually. Analytical ability and sectoral expertise were necessary especially if the Governing Council wished to have global projects given due attention in the Programme.

(g) With regard to overhead costs, no clear line of demarcation had yet been established between project costs which could legitimately be charged to the administrative budget and those which should be charged against the IPF; similarly, the division of costs incurred by an agency under its own responsibilities and those incurred by it as an executing agency for UNDP was the subject of constant controversy. Furthermore, given the fact that the UNDP Administration was required to spend a great deal of time servicing the legislative bodies in the United Nations system as well as

attending meetings of agency governing bodies, the high cost of servicing such meetings relative to the amount of services rendered to member countries was also a matter that should be of some concern to the Council.

(h) Concerning the request for reports on the IACB meetings, it should be borne in mind that the IACB normally met for only one day and discussed general matters while the Programme Working Group was the body handling co-ordination problems.

(i) Regarding delays in project implementation which might arise when unforeseen needs were encountered in the field, new procedures giving field personnel authority to decide the details of project design should improve the situation, as should the new preparatory assistance procedure, which enabled project managers to become familiar with actual conditions at the project site before the project was finalized.

Decision of the Governing Council

252. At its 412th meeting, the Governing Council took note of the report by the Administrator on sectoral support and advice for resident representatives (DP/19) and of the views expressed during the discussion.

CHAPTER VIII

ACTION TAKEN IN 1973 BY ORGANS OF THE UNITED NATIONS AND RELATED AGENCIES

253. Under item 10 of its agenda, the Governing Council considered the note by the Administrator on actions taken in 1973 by organs of the United Nations and related agencies (DP/27 and Add.1 and 2).

Summary of discussion

254. Members of the Governing Council welcomed the positive and practical attitude shown by the Administrator in his opening statement in which he described steps taken by UNDP, in accordance with General Assembly resolutions 2980 (XXVII) and 3118 (XXVIII), to assist refugees from colonial territories in southern Africa and to enable UNDP programmes of assistance to be directed to national liberation movements and to the populations of liberated areas. There was general agreement that the progress made by the UNDP Administration in working out a draft agreement with the Organization of African Unity (OAU) would help to dispel remaining doubts with regard to the legitimacy of UNDP assistance of the kind referred to by the Administrator. Many members stressed, however, that efforts to prepare, in co-operation with the OAU, specific projects of assistance to national liberation movements and the peoples of liberated areas should not await approval of the agreement with the OAU, since existing General Assembly resolutions provided sufficient legal authority for UNDP to proceed with such assistance. One member referred to article II, paragraph 2 (a), of the draft statute for UNDP which relates specifically to UNDP assistance to African liberation movements.

255. A number of members expressed their regret that UNDP had not yet received any specific project proposals for assistance to liberated areas. One member indicated that the difficulties experienced by UNDP in obtaining specific project proposals for assistance to liberated areas confirmed the experience of his own Government in this regard. Several members offered suggestions as to how UNDP might elicit specific proposals. They included: consultations with the Working Group of the Special Committee of Twenty-Four ^{3/} as to suitable areas of assistance and methods of obtaining proposals, continued consultations with the OAU and representatives of various liberation movements, supplemented by missions related to the assessment of requirements and the formulation of specific programmes; and greater involvement by the agencies in preparatory assistance activities. In the same connexion, one member suggested that United Nations system assistance could be facilitated if provided directly to the offices of the relevant liberation movements, which would then take full responsibility for its use for the benefit of the populations in the liberated areas. This arrangement had been found to work well with respect to its own bilateral programme of assistance to liberated areas.

^{3/} Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

256. Several members indicated that it was the policy of their Governments to support assistance to the peoples of colonial territories through the United Nations system. In this connexion, a number of members indicated their willingness to make special contributions for assistance to the national liberation movements in order to overcome the difficulties of finding sufficient international financing for this purpose. Three members indicated that the encouraging rate of growth in UNDP resources placed the Programme in a good position to help the national liberation movements. Members welcomed the proposal made by the Administrator to facilitate assistance to liberation movements and to liberated areas by exercising the same degree of flexibility as applied in the case of the least developed countries - in particular many members endorsed the waiving of the counterpart obligations normally required of Governments.

257. Three members cautioned that UNDP should maintain a balanced approach to the provision of assistance to the peoples of colonial territories and to liberation movements so as to ensure that activities of this kind did not jeopardize the financial integrity of the Programme by undermining the support of major donors. Two of the three members indicated that their Governments did not favour direct assistance to national liberation movements and to peoples inside colonial territories. One member suggested that UNDP find ways and means of increasing its assistance to the United Nations Educational and Training Programme for Southern Africa and the Commonwealth Trust Fund for Rhodesian Africans and to other organizations providing assistance to national liberation movements.

258. Members generally welcomed the proposal of the Administrator to submit to the Governing Council at its eighteenth session a more specific proposal outlining the financial, administrative and programme policy aspects of a UNDP strategy for expanding assistance to the liberation movements and to the peoples of liberated areas in southern Africa.

259. With respect to other General Assembly resolutions of particular interest to UNDP, three members referred to the relevance of the first biennial over-all review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade. They considered this exercise, which was dealt with in General Assembly resolution 3176 (XXVIII), to be of particular significance in that it urged the organizations of the United Nations system to intensify and further harmonize their activities relating to the implementation of the Strategy in their particular fields of competence. One member expressed the view that this resolution, and in particular paragraph 69, should serve as a main guideline for UNDP in the years to come.

260. Two members made reference to General Assembly resolution 3122 (XXVIII) concerning the United Nations Capital Development Fund and the fact that in the future it would have additional funds available for investments in support of new forms of assistance to developing countries. These members looked forward to the report of the Administrator to the eighteenth session of the Governing Council which would outline proposals for the administration of an expanded United Nations Capital Development Fund.

261. One member called attention to the decision taken by the Economic and Social Council at its organizational session on 10 January relating to the first comprehensive policy review by the Council on operational activities throughout the United Nations system. He stated that the concise report on the manner in which

the activities of UNDP could promote the objectives of the International Development Strategy, which the Governing Council was invited to submit to the fifty-seventh session of the Economic and Social Council, could be formulated by the Governing Council on the basis of the Administrator's annual report.

Observations of the Administration

262. In responding to questions concerning UNDP-financed assistance to national liberation movements and to the peoples of liberated areas in southern Africa, the Deputy Administrator (Programme) indicated that it was not necessary for him to elaborate further on the comprehensive opening remarks of the Administrator. In response to a question, the Deputy Administrator indicated that the Administration had not yet determined how it would report to the eighteenth session on the steps UNDP might take to better promote the International Development Strategy. Finally, the Deputy Administrator informed the Governing Council that he was not yet in a position to describe in detail the proposals that the Administrator would be submitting to the eighteenth session concerning the reorientation of the United Nations Capital Development Fund in the light of General Assembly resolution 3122 (XXVIII), and the increased resources recently made available to the Fund.

263. The Assistant Administrator and Director of the Regional Bureau for Africa responded to a question concerning the current status of UNDP assistance to the African Institute for Economic Development and Planning (IDEP). He indicated that it was not the policy of UNDP to jeopardize the existence of IDEP by reducing drastically the level of UNDP assistance to it. He explained that UNDP had given top priority to the project in its current regional programme of assistance to Africa, and that, in view of the over-all financial situation of the regional IPF for Africa, UNDP had recently worked out a formula with the United Nations Department of Economic and Social Affairs, the executing agency, to reduce gradually the annual UNDP contribution from the current level of \$1 million to \$750,000, as some bilateral donors had indicated willingness to finance some activities of IDEP earlier supported by UNDP.

Decision of the Governing Council

264. At its 414th meeting, the Governing Council adopted the following decisions:

The Governing Council

(a) Takes note with appreciation of the statement by the Administrator on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations,

(b) Requests the Administrator to submit to the Governing Council, at its eighteenth session financial, administrative and practical aspects, and on the results of on-going consultations with the OAU,

(c) Requests that, in accordance with the recommendation of the General Assembly in its resolution 3118 (XXVIII), counterpart obligations normally required of sponsoring Governments be waived in respect of projects beneficial to the peoples concerned.

CHAPTER IX

ASSISTANCE TO THE DROUGHT-STRICKEN AREA OF ETHIOPIA

265. In his introductory remarks on item 14 of the agenda, the representative of Ethiopia described the magnitude of the severe drought which had stricken the northeastern provinces of Ethiopia, seriously affecting the lives of 1.6 million people, and causing great loss of human and animal life as well as serious damage to the economy of the entire country. Famine was rampant and massive medical assistance was urgently required. It was estimated that 90 per cent of the cattle, 60 per cent of the sheep, 40 per cent of the goats and 40 per cent of the camels had perished.

266. On behalf of his Government, he called on the Council and on the international community in general to take such immediate short-term measures as were within their powers to help alleviate the suffering of his people. He recognized that longer-term measures would take some time to determine, pending the completion of surveys and studies.

267. He also drew the Council's attention to three reports on the question prepared by his Government with the help of international agencies which had been distributed to members of the Council. They included a report on the drought problem in Ethiopia prepared by the Ethiopian Government; a review of the implications of the drought in two provinces in Ethiopia, prepared by the Office of the UNDP Regional Representative in Addis Ababa; and a report by the Ethiopian Ministry of Agriculture containing a short-term recovery programme for the drought-stricken provinces.

268. Subsequently, members of the Council viewed a film on the drought in Ethiopia, produced by Thames Television of London, which depicted the human suffering and catastrophic effects of the disaster. The representative of Ethiopia later clarified a comment which had been made in the film implying that his Government had made a secret of the famine in Ethiopia during the last six months. He pointed out that his Government had in fact appealed to all donors for assistance and had set up a co-ordinating relief committee as early as April of last year.

Summary of discussion

269. Members of the Council unanimously expressed deep concern and sympathy to the Government and people of Ethiopia for the tragic loss of life and property and the suffering which had befallen them as a result of the catastrophe. They expressed appreciation for the moving and poignant film which had made tangible the statistics of starvation and devastation evident in the written reports.

270. The Council commended the efforts made by the Ethiopian Government to combat the effects of the drought and the Office of the UNDP Regional Resident Representative in Addis Ababa for its comprehensive review of the situation.

271. Attention was drawn to the positive and speedy response made by both bilateral and multilateral donors to the appeal from the Ethiopian Government for support of its relief programme. Many members described the various emergency measures already under way or under active consideration by their Governments to assist the Government of Ethiopia.

272. In view of the magnitude and urgency of the crisis, there was full agreement in the Council that UNDP, within the limits of its resources, should extend the necessary assistance to help meet the pressing problems of relief, rehabilitation and reconstruction in the affected areas of the country. On the practical and concrete steps to be taken by UNDP, it was fully recognized that the implementation of the short-term emergency recovery programme prepared by the Ethiopian Government required urgent and immediate action to obviate further loss of life and property. In this regard, there was general support for immediate action by UNDP in such areas as the supply of seeds and tractors and the replacement of work oxen. These measures were seen to be even more urgent by many members in view of the information received from the representative of Ethiopia that the short rains were expected in Ethiopia from February to April 1974.

273. Some members believed that any short-term emergency measures taken within the framework of UNDP should be co-ordinated by the United Nations Disaster Relief Co-ordinator, the appropriate organization in the United Nations system to assume this responsibility. These members recognized the needs for humanitarian assistance for emergency and disaster situations, and suggested that appropriate accommodation be made within existing UNDP resources, and that, if necessary, marginal projects scheduled for financing in 1974 could be delayed. It was further suggested by another member that the Administrator should examine closely the possibility that some of the projects included in the Government's short-term programme might also be included in its country programme for the 1972-1977 programming cycle.

274. At the same time, however, it was stressed by several members that support for short-term emergency measures should not involve a fundamental shift in the character of UNDP assistance and that the Programme, in response to the drought situation, should concentrate on more far-reaching long-term solutions. These members emphasized the unique role which UNDP, with its expertise in economic planning and development, could play in meeting sustained medium-term and long-term rehabilitation requirements for the drought-stricken region, including such comprehensive measures as reforestation, irrigation schemes, water conservation, ground water development and integrated rural development.

275. Some members commented on the long-range implications of the drought. They noted that it affected a broad geographical belt of Africa, encompassing not only countries of the Sahelian zone and Ethiopia but also Guinea, Nigeria and the Central African Republic. They expressed the view that the drought did not appear to be seasonal or incidental, but showed every sign of being a profound ecological disturbance affecting a large number of countries, which, if not checked in time, could have very catastrophic consequences. In the judgement of several members, a long-term comprehensive regional or global programme was required to restore the ecological balance and to combat the alarming drought phenomenon. In this connexion, the hope was expressed by one member that the studies envisaged for the long-term programme for the Sahel would be extended to include Ethiopia. Another member,

referring to the fact that the western provinces of the Sudan had shown serious symptoms of drought in the last two years, appealed to the Council to consider seriously in its long-term plans concerning the drought the urgent needs of that country so that the situation would not degenerate into a tragedy similar to that of the Sahelian zone and Ethiopia. Furthermore, another member pointed out that what had happened in the western regions of the Sudan could also happen to Somalia and that it was possible in the near future to have another Sudano-Sahelian region in the eastern part of Africa.

276. Some members felt that the situation in Ethiopia had not been well exposed when the world was told of the devastating effects of the Sudano-Sahelian drought during the last year and that consequently the plans for assistance had not taken into consideration the problems existing in that country.

277. A number of suggestions were put forward by some members. One was for the creation of a revolving fund for emergency purposes so that prompt action could be taken as and when the need arose. The hope was expressed that UNDP would take the first initiative in this direction. Several members urged that UNDP should act as the over-all co-ordinator of the bilateral and multilateral emergency assistance activities related to the drought. One member expressed the belief that the efficiency of the World Food Programme in providing emergency food supplies could be further improved if donor countries would announce their food supplies to the World Food Programme in the form of special pledges which would enable that organization to order shipments in a co-ordinated way. Other members thought that the attention of the 1974 spring session of the Economic and Social Council should be drawn to the drought in Ethiopia on a priority basis.

278. Finally, there was general agreement that the Administrator should be requested to prepare, in co-ordination with the Ethiopian Government and the appropriate organizations of the United Nations system, a comprehensive report to be used as a basis for the formulation of medium-range and long-range recovery programmes for Ethiopia. There was also general agreement that the Administrator should report to the Council at its next session on his assessment of the situation in Ethiopia and on actions taken by UNDP and other United Nations organizations, together with his recommendations for additional action. Lastly, one member appealed to the Council to request the Administrator, when submitting his report on Ethiopia, to report also on the problem in its broader aspects as it affected a large number of countries in the African region and adjoining areas, including the long-term implications of the drought.

Decisions of the Governing Council

279. At its 414th meeting, the Governing Council adopted the following decisions:

I

Assistance to the drought-stricken area of Ethiopia

The Governing Council,

Considering that certain areas of Ethiopia have been severely affected by drought which has caused and is causing great loss of human and animal life and serious damage to the economy of the country,

(a) Requests the Administrator, taking into account the comments made:

(i) To grant immediate provisions for emergency assistance required for the forthcoming short rains planting season following consultations with the Ethiopian Government;

(ii) To consider as a matter of urgency the short-term recovery programme and projects prepared by the Ethiopian Government and to take appropriate measures to assist the Government in the implementation of these and other projects included in the recovery programme;

(b) Requests the Administrator to prepare, in co-operation with the Ethiopian Government and the Heads of all appropriate organizations of the United Nations system, a comprehensive report to be used as a basis for the formulation of immediate, medium-term and long-term programmes for recovery from the drought damage in Ethiopia;

(c) Further requests the Administrator to provide to the eighteenth session of the Governing Council his current assessment of the situation in Ethiopia, a report on actions taken by UNDP and other international organizations in the United Nations system and his recommendations for additional actions;

(d) Suggests that the Economic and Social Council, at its spring session, consider the question of assistance to the drought-stricken areas of Ethiopia on a priority basis.

II

Drought-stricken area of Africa and adjacent areas

The Governing Council,

Considering that the drought affecting Ethiopia and the Sudano-Sahelian region seems to be part of a profound ecological disturbance affecting an increasing number of African countries and adjacent areas,

Requests the Administrator, in consultation with the Governments concerned and with the appropriate agencies in the United Nations system:

(a) To investigate the extent of the drought and its medium-term and long-term implications and to submit the corresponding action programmes; and

(b) To report on the action taken in this respect to the Council at its nineteenth session.

CHAPTER X

DRAFT OMNIBUS STATUTE FOR THE PROGRAMME

280. During the seventeenth session of the Governing Council, the Working Group on the draft statute for UNDP, established by the Council at its fifteenth session, continued the consideration of the draft statute. The Working Group had before it, under item 9 of the Council's agenda, a complete text of the draft statute submitted by the Administrator on the basis of the Working Group's earlier deliberations and of consultations between the Secretary-General and the Administrator (DP/22 and Add.1).

281. At the 416th meeting of the Governing Council, the Chairman of the Working Group reported that the Group had held 13 meetings to consider the 43 articles of the draft statute. Ten articles, which had been deferred at the sixteenth session pending further consultations between the Secretary-General and the Administrator, were reviewed on first reading. One article having been deleted (article XXIX), the remaining 42 articles were reviewed on second reading.

282. The Chairman of the Working Group informed the Governing Council that preliminary agreement had been reached on the wording of 28 articles and also on the wording of separate paragraphs of four other articles. 4/ However, it had not been possible to reach agreement on the 14 remaining articles. 5/ The Working Group therefore felt that there was a need for further negotiations among delegations in order to reach agreement. He informed the Council that, for lack of time, the Working Group had not been able to examine the annexes to the draft statute, the texts of which had been reviewed on first reading during the sixteenth session. Nor had it been able to examine annex C on which there had not even been a first reading at the sixteenth session.

283. The Working Group considered that, in order to complete its task, it would be advisable for the Secretariat to prepare an integrated revised text of the draft statute and its annexes, including those articles that had been agreed upon as well as those on which there had been partial or no agreement. The latter could be incorporated in the text in the wording originally submitted to the Working Group, together with the amendments and alternative proposals that members had formulated or that they might in due course submit to the Administration for consideration by the Working Group.

284. In the view of the Working Group, since the draft statute must be considered a legal unity, it could only be considered complete when all its components were agreed upon.

4/ Articles III, VII, VIII, IX, X, XI, XII, XIII, XIV, XVI, XVII (para. 1), XVIII, XIX, XX, XXII, XXIII (paras. 1, 2, 3 and 5), XXIV (para. 1), XXV, XXVI, XXVII, XXVIII, XXX, XXXI, XXXII, XXXIII, XXXV, XXXVI, XXXVIII, XXXIX (paras. 1 and 3), XL, XLI and XLIII.

5/ Articles I, II, IV, V, VI, XV, XXI, XXIII (paras. 4 and 6), XXIV (paras. 2 and 3), XXVII (para. 2), XXXIV, XXXVII, XXXIX (para. 2) and XLII.

285. The Working Group felt, nevertheless, that progress had been made and expressed the hope that, given some additional time, agreement could be reached on the draft statute as a whole.

Summary of discussion

286. Most of the members of the Council considered that the results of the Working Group's deliberations had been satisfactory, while others considered them disappointing. The inability of the Working Group to adopt an agreed statute was variously attributed by members to lack of agreement on the nature of the work to be undertaken by the Working Group, the time at its disposal, and to the need for solutions satisfactory to all members. As regards the nature of the task of the Working Group, some members considered that the purpose of the exercise was a codification of decisions already taken by the competent organs, which they felt presented only technical difficulties. However, other members felt a need to incorporate into the statute provisions reflecting experience gained since the adoption of the Consensus. With respect to the problem of time, some members felt the task was so important that it should be carried out at a deliberate pace and that it would be preferable to err on the side of slowness.

287. Many suggestions were made for the solution of the problems faced by the Working Group, among them the transmission of difficult questions to the General Assembly and the establishment of a small informal negotiating group to function in parallel with the Governing Council or its Working Group. Others felt that outstanding questions could be resolved at the level of the Governing Council and they saw no need to transmit portions of the statute on which agreement had not been reached to the General Assembly. There was general agreement that goodwill was necessary on all sides. Most members considered that the Governing Council should revert to this matter at its nineteenth session in January 1975 rather than in June 1974, in view of the heavy agenda for the eighteenth session and in view of the staffing difficulties that might face some delegations in Manila at the eighteenth session. Other members, while agreeing that the work should be completed speedily, indicated that they would not insist on discussion of the matter at the eighteenth session and could agree that it should be taken up at the nineteenth session if that was the general opinion.

Observations of the Administration

288. The Deputy Administrator (Administrative) confirmed that the document to be submitted to the Governing Council for its further consideration of the draft statute would be prepared along the lines indicated by the Chairman of the Working Group.

Decision of the Governing Council

289. At its 416th meeting, the Governing Council noted with appreciation the work of the Working Group on the draft statute and decided to resume consideration of the draft statute at its nineteenth session.

CHAPTER XI

DATE, PLACE AND PROVISIONAL AGENDA OF THE EIGHTEENTH SESSION

290. At its 410th meeting, the Governing Council accepted by acclamation the invitation extended to it by the Government of the Philippines to hold its eighteenth session in Manila. It further decided to hold the session from 5 to 24 June 1974.

291. At its 416th meeting, the Governing Council agreed on the following provisional agenda for the eighteenth session:

1. Opening of the session
2. Adoption of the agenda
3. Country and intercountry programming and projects
 - (a) Consideration, in private meetings, and approval by the Council of individual country programmes and projects recommended by the Administrator
 - (b) Proposals on criteria and illustrative calculations of regional indicative planning figures for 1977-1981
4. Budgetary, financial and administrative matters
 - (a) Financial outlook of UNDP, 1972 to 1976, and comprehensive report on financial activities during 1973, and audit reports for the previous year
 - (b) Budget estimates for the year 1975
 - (c) Report on agency overhead costs
 - (d) Custodianship of UNDP funds
5. Annual report of the Administrator for 1973 and report to the Economic and Social Council for its comprehensive policy review of operational activities throughout the United Nations system
6. United Nations Capital Development Fund
7. United Nations Revolving Fund for Natural Resources Exploration
8. United Nations Volunteers
9. United Nations Fund for Population Activities

10. United Nations technical co-operation activities
11. Information papers on the regular programmes of technical assistance in 1973 of the specialized agencies and the International Atomic Energy Agency
12. Report of the Working Group on Technical Co-operation among Developing Countries
13. Assistance to the drought-stricken area of Ethiopia
14. Other matters
15. Date and provisional agenda for the nineteenth session of the Governing Council
16. Draft report of the Governing Council to the fifty-seventh session of the Economic and Social Council.

292. It was the understanding of the Council that the report of the Administrator under item 5 would include, inter alia: (a) a progress report on action taken by UNDP on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples; and (b) the implementation of General Assembly resolution 2975 (XXVII) on measures to strengthen the executing agencies of UNDP.

293. It was also the understanding of the Council that the report of the Administrator under item 3 (b) on the question of regional IPFs would be considered on a preliminary basis at the eighteenth session, and that at the nineteenth session the matter would be taken up, with a view to reaching a final decision, in the wider context of interregional and global IPFs and the Programme Reserve.

ANNEX

REPRESENTATION AT THE SEVENTEENTH SESSION

Members of the Governing Council

Austria, Belgium, Brazil, Bulgaria, Canada, Central African Republic, Chad, Chile, Cuba, Denmark, Ecuador, Ethiopia, Finland, France, Germany (Federal Republic of), Ghana, Hungary, India, Iran, Iraq, Italy, Jamaica, Japan, Kuwait, Lebanon, Lesotho, Malaysia, Morocco, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Philippines, Poland, Somalia, Sudan, Sweden, Switzerland, Togo, Trinidad and Tobago, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Yugoslavia.

States represented by observers

Algeria, Argentina, Australia, Barbados, Bhutan, China, Colombia, Dahomey, Egypt, German Democratic Republic, Guyana, Haiti, Indonesia, Israel, Libyan Arab Republic, Madagascar, Mexico, Mongolia, Niger, Oman, Romania, Spain, Syrian Arab Republic, Thailand, Tunisia, Venezuela, Yemen.

United Nations bodies

United Nations Secretariat, United Nations High Commissioner for Refugees, United Nations Children's Fund, United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Environment Programme, United Nations Fund for Population Activities, United Nations Industrial Development Organization, United Nations Institute for Training and Research, United Nations Volunteers, World Food Programme.

Specialized agencies

International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, World Health Organization, International Bank for Reconstruction and Development, International Monetary Fund, Universal Postal Union, International Telecommunication Union, Inter-Governmental Maritime Consultative Organization.

Other intergovernmental organizations

Inter-American Development Bank, International Secretariat for Volunteer Service, Organization of American States.

Non-governmental bodies

International Council for Voluntary Agencies.

كيفية الحصول على منشورات الأمم المتحدة

يمكن الحصول على منشورات الأمم المتحدة من المكتبات ودور التوزيع في جميع أنحاء العالم . استعلم عنها من المكتبة التي تتعامل معها أو اكتب الى : الأمم المتحدة ، قسم البيع في نيويورك أو في جنيف .

如何购取联合国出版物

联合国出版物在全世界各地的书店和经售处均有发售。请向书店询问或写信到纽约或日内瓦的联合国销售组。

HOW TO OBTAIN UNITED NATIONS PUBLICATIONS

United Nations publications may be obtained from bookstores and distributors throughout the world. Consult your bookstore or write to: United Nations, Sales Section, New York or Geneva.

COMMENT SE PROCURER LES PUBLICATIONS DES NATIONS UNIES

Les publications des Nations Unies sont en vente dans les librairies et les agences dépositaires du monde entier. Informez-vous auprès de votre libraire ou adressez-vous à : Nations Unies, Section des ventes, New York ou Genève.

КАК ПОЛУЧИТЬ ИЗДАНИЯ ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ

Издания Организации Объединенных Наций можно купить в книжных магазинах и агентствах во всех районах мира. Наводите справки об изданиях в вашем книжном магазине или пишите по адресу: Организация Объединенных Наций, Секция по продаже изданий, Нью-Йорк или Женева.

COMO CONSEGUIR PUBLICACIONES DE LAS NACIONES UNIDAS

Las publicaciones de las Naciones Unidas están en venta en librerías y casas distribuidoras en todas partes del mundo. Consulte a su librero o diríjase a: Naciones Unidas, Sección de Ventas, Nueva York o Ginebra.
